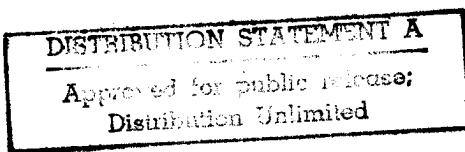


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# Near East/South Asia Report

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FOREIGN BROADCAST INFORMATION SERVICE

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## NEAR EAST/SOUTH ASIA REPORT

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INTERNATIONAL AFFAIRS

ARAB LEAGUE AMBASSADOR MAQSUD INTERVIEWED

PM220841 London AL-SHARQ AL-AWSAT in Arabic 20 Jul 83 p 3

[Interview with Arab League Ambassador to United States Dr Clovis Maqsud by Hasan al-Luqays in London; date not given]

[Excerpts] Question: Can you, in the light of your position, contacts with U.S. officials, and residence in the U.S. capital, give us an idea of or explain the U.S. political line in the Arab region, particularly after the invasion of Lebanon?

Answer: The basic problem in the U.S. policy in the Middle East lies in the gap between the declared policy and the actual policy practiced by the United States. Therefore, when we judge the U.S. policy one must take this gap into consideration because what the United States declares is closer to being illogical. [as published]

The United States believes that persuading Israel to comply with the requirements of international legality or even with the declared U.S. commitments in the area can be done by satisfying Israel and meeting its requirements and demands. Bitter experience over the years has proved that persuading Israel to comply with the international will or even with the declared U.S. stand must come through the readiness of the United States itself to at least punish Israel from time to time. If the U.S. policy is not ready to apply sanctions against Israel when it revolts against international legality and defies the declared U.S. policy, the declaration of U.S. commitments in the Middle East is toothless.

The latest evidence of this was when President Reagan asked Begin to freeze the settlements in the West Bank. The Israeli Government decided to build more settlements, which put the credibility of U.S. commitments in the balance.

Therefore, we believe that the problem is not the U.S. will or the policies it declares in the Middle East as much as the U.S. practices and patterns of action whereby the United States deals with the Middle East crisis.

The second point is that we are aware and realize that the United States is capable of making its desires acceptable to Israel, but the problem is not the capability but the U.S. will to translate this capability into a certain behavior and action in the Middle East.

Question: It is known that Israel is seeking and wishes to see the Arab countries divided into weak sectarian ministates. Did you feel or sense during your meetings with U.S. officials that the U.S. administration is for this trend or against it?

Answer: As I have already said, the declared U.S. policy is not the same as the practiced U.S. policy. I do not believe that the United States consciously sponsors the Zionist plans which aim first at dividing the Arabs, second at disrupting the Arab societies from inside, and, third of sowing the seeds of permanent division in the Arab homeland. Zionism considers the weakness and dispersion of the Arabs as the source of its strength. Therefore, the Zionist objective, which clearly reflects the law of the jungle, cannot be the political program of any state, however it may differ with the Arabs or however its interests may clash with Arab interests, because the Zionist creed cannot rally anyone that does not participate its ambitions. This, however, does not mean that there is nobody in the U.S. administration who does not view regional conflicts from a single aspect, namely the aspect of the U.S.-Soviet strategic conflict. Therefore, there are forces in the U.S. administration and Congress that believe that any U.S. stand toward any regional conflict must be viewed from this aspect, which views the world from the angle of nuclear polarization between the two superpowers. There are two currents within this faction, one of which says that Israel is the only guaranteed tool capable of carrying out tasks.

This current considers that Israel is ready and therefore must be charged with carrying out strategic confrontation tasks vis-a-vis the Soviet Union in the area. Therefore, the prevalent belief among this faction is that there should be advance U.S. approval for every future Israeli operation or current Israeli move and that any moral or political element or consideration of the right of others or the nature of aggression should not be given any importance. Of course, the Zionist institutions in the United States ally themselves with and encourage this current.

There is another current that says that the United States should consider Israel a strategic ally but that Israel should not be the only U.S. friend in the area and that interests, commitments, and issues involved in the U.S. bilateral relations with some Arab countries should also be taken into consideration. Therefore, Washington should not unconditionally sponsor the Israeli behavior in the area and give Israel an uninterrupted green light. On the contrary, Israel should be persuaded and pressure should be brought to bear upon it if necessary in order to make it take U.S. interests into consideration. This faction exists in key positions and constantly squabbles, if not clashes, with the other faction in the U.S. administration and Congress.

ARMENIAN AFFAIRS

PAPER REFUTES 'NEW VARIANT OF TURKISH DENIAL'

Beirut ZARTONK in Armenian 18 Jun 83 p 2

[Article: "A New and Notable Variation of Turkish Denial"]

[Text] Over the last 68 years Turkey, through its official and unofficial spokesmen, has totally denied the fact of the Armenian Genocide. All distortions and denials are accompanied by the following explanation: in 1915, when the Ottoman Empire was involved in World War I, the Armenians "revolted" in Van and unleashed an internal civil war, claiming both Turks and Armenians as victims. The Turkish Government, in order to defend itself against the "traitor" which was attacking it from behind, was forced temporarily to displace the Armenians; under the circumstances of displacement, deaths could occur from starvation, epidemics, and exhaustion, and deaths did occur. This is what happened.

A turk by the name of Tuncer M. Kuzay, however, a spokesman for the Organization of United Turkish-Americans, headquartered in Chicago, presents in a letter written to the WALL STREET JOURNAL (May 15) a new coloration to the above-mentioned Turkish fairy tale. This is a new and quite remarkable coloration.

Of course Tuncer starts his letter with a repetition of the official Turkish distortions, and then adds that the Ottoman Empire "relocated" approximately 1 million Armenians in the Eastern provinces, and that during this relocation it is a "well documented" fact that 200,000-300,000 Armenians died.... "There was no planned extermination by the government," he adds, immediately after presenting the figures, leaving the reader to wonder about a logical reason for such a large number of fatalities.

In the second paragraph of his letter Tuncer states that "according to documents" half a million Armenians "were relocated" in the Middle East, while another 300,000 Armenians found refuge in Russian Armenia. In 1918, according to Tuncer, many of the latter returned to the Ottoman Empire to continue their military activities against the Ottoman Government, and this "reached its peak with the establishment of an independent Armenian government in Eastern Turkey." Tuncer deceitfully establishes the presence of an Armenian Republic on "Eastern Turkey's" land, in order to present the newest Turkish lie in the next sentence of his letter.

"The first undertaking of that government (the Armenian Republic established in 1918) was to carry out a well-documented genocide against local Ottoman subjects. It has been documented that as a result the Turkish population in the East diminished by 2 million persons in the period 1915-1920."

Two million Turks slaughtered by Armenians.... Yet Turkish circles figured their "victims" to be 200,000. This is what adding a zero means...

The deceitful Tuncer goes on: "The Armenian Government came into conflict with Turkish nationalist forces, was defeated, and ceased to exist." Is that a fact! Not one word about the transformation of the Armenian Republic into the Armenian Soviet Republic, or the fact that it has been in existence for 63 years now.

Tuncer concludes his deceitful letter with a nasty little attempt to draw an analogy between the Jewish Holocaust and the Armenian Genocide and to turn the Jews against the Armenians, when he attempts to portray us as friends of Hitler and his henchmen: "During World War II Armenians formed an army of the Third Reich (Nazi Germany -- Ed.), consisting of 20,000 Armenian soldiers loyal to Hitler, with the intent of attacking Turkey from the Russian Front."

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CSO: 4605/95

ARMENIAN AFFAIRS

TURKISH PAPER: 'ARMENIAN TERRORISM, ZIONISM COOPERATE IN MIDEAST'

Istanbul MARMARA in Armenian 24 Jun 83 p 1

[Article: "What Turkish Newspapers Write:" Verification of Time of Armenian Terrorism"]

[Text] The following article, under the by-line of Ilhan Selcuk, appeared in yesterday's CÜMHURIYET.

The following is the most profitable question pertaining to Armenian terrorism:

The Armenian terrorists first appeared in the early 1970's. The first act of terrorism was carried out in Los Angeles in 1973. Today's criminals claim that they are trying to avenge 1915. Sixty years have passed since that time. How can one explain this span of time? Why is it that Armenian terrorism is being reborn after more than half a century?

Terrorism, like war, is in the final analysis an instrument of politics. It is a type of politics which has become violent. The bloody nature of the crimes should not impede us from seeing the truth. Where is the truth?

\* \* \*

After World War I the Ottoman Empire was broken up by the Treaty of Sèvres. Under the leadership of Ataturk, we declared a War of Independence and tore that treaty to shreds.

The fact is that the Arab governments of the Arabian Peninsula came under British and French rule. Sheiks, emirs, and sultans, who during World War I had collaborated with the Western conquerors, sold out their rights while professing their helplessness.

Gazing southward from Turkey's southeastern border, Britain and France would appear before us.

\* \* \*

A worldwide independence movement began following World War II. Colonies were gaining their independence. During that period Turkey took a disgraceful

position toward the countries of Islam which were seeking their independence. We cast a negative vote at the United Nations in 1956 regarding Algeria's demand for independence. In 1958 we shut our eyes to the U.S. occupation of Lebanon. We always approached the concerns of the Islamic world from the stand-point of American-Zionist logic.

The heart of Turkish policy in that period was closeness to Israel and distance from the Islamic countries. Our vanguard writers even expressed scorn for the anti-imperialist struggle which was erupting in the Islamic countries, while singing the praises of Israel. Israel means Western Civilization to us. Being a secular government, naturally we were against the Shariah. We were slow, however, to perceive that Israel was a bulwark of Zionism in the Middle East.

We aligned ourselves with the reactionary segment of the Islamic world, formalized in the Baghdad Pact or CENTO. But the Islamic countries were awakening one after another, and it was also becoming difficult for Turkey to continue its American-Zionist policy.

The Islamic countries, uniting against Zionism, nationalized their petroleum resources. The Islamic Congress was established in 1971. Turkey, as a secular state, hesitated to affiliate with this Congress. But the pressure to join finally prevailed. Many things changed following this turn of events. Zionist circles seriously questioned Turkey's position in the Middle East. Ankara took an anti-Israel position on one issue after the other, and consequently Turkey became a matter of concern to Israel. The decision to unleash Armenian terrorism was made at this time. Our historical experience has shown us that the politics of Sèvres lie hidden behind Armenian terrorism. All evidence convinces us that U.S.-Zionist forces do not wish to see a strong Turkey.

If Israel implements its plan to establish a Christian Government in Lebanon, it will have at its disposal the capital of American and French Armenians and Jews. One would have to be blind in order not to see that Armenian terrorism and Zionism are advancing hand-in-hand in Middle East politics toward their objectives.

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CAUSES, EFFECTS OF INFLATION ANALYZED

United States Responsibility

Algiers ALGERIE ACTUALITE in French 23-29 Jun 83 pp 6-7

[Article by G. Boutaleb: "I. The Dollar Which Feeds the World Economic Crisis"]

[Text] Last 28 April, the development committee of the World Bank met in Washington. The two representatives of the Group of 24 begged, on behalf of the Third World, for a revision of the international monetary system consistent with the resolutions adopted at the meetings in New Delhi and Buenos Aires, and urged that an international conference be convoked to correct the numerous and serious defects in the system, those affecting the countries in the process of development more particularly.

The American secretary of the treasury then set forth once again the usual U.S. thesis in any North-South debate: the best contribution nations can make "to the development of the poor countries is the pursuit of enduring recovery in their economies. The combined effects of the recovery of the American economy, which can already be glimpsed, and free international trade cannot help but benefit not only the industrialized countries but the countries of the Third World as well."

However, the American representative was to remain silent on the subject of any reform of the international system. This is easily explained. Why in fact would the United States want to change a system which makes of its national currency, which it has manipulated at will since 1971 (President Nixon's decision on the nonconvertibility of the dollar into gold, in August 1971), one which is a currency of reserve and world reference? A currency which, in addition and paradoxically, has successfully strengthened its position and its preeminence in relation to other currencies, while at the same time the U.S. trade and budget deficits have deteriorated. Thanks to the manipulation of interest rates, those controlling capital the world over are currently revealing a great infatuation with American stocks and shares, mainly treasury bonds, because of their high return. The interest rate gap in favor of the United States (about 5 percent) is thus having a disastrous effect on the capital market, draining capital from the entire world toward the United States, which leads to a de facto devaluation of the other currencies.

This originated with the adoption of high interest rates urged by the American Federal Reserve Authorities (FED), in order to throttle inflation, which is currently running at about 50 percent. Although the president of the FED, Mr Volcker, now believes that the maintenance of these high interest rates is likely to threaten recovery, it should nonetheless be emphasized that the costly money policy does not seem to have hindered the reorganization of the American productive apparatus (energy savings, increase in productivity of more than 4.8 percent) too much. The experts even think that the relative recovery could further attract capital to American enterprises. Thus the dollar rate should be pushed up further.

In the view of the chief of the economic advisers to the White House, Mr Feldstein, the main agency responsible for maintaining high interest rates currently is the American Treasury, which should borrow massively in order to cover an increasing budget deficit. The budget deficit expected for the 1984 financial year is likely to reach 200 billion dollars, while all of the social programs have already been drastically cut. This is a larger deficit than the U.S. has ever had.

Thus if product prices continue to increase throughout the world because of the rise in the dollar, which itself is a result of the high level of interest rates engendered by the increasingly acute American budget deficit, this has a slowdown effect on world production which involves hundreds of billions of dollars. This means, in fact, that there is here a permanent and overall depressive effect on economic activity.

"Since 1973, oil prices have been a constant subject of discussion. Indeed the OPEC is a problem, but the dollar is too, and has been since 1971," the PDG [president and director general] of the Atlantic Richfield oil company, reputed to be close to the Republican Party, explained further in an interview published by LE MONDE in November 1982. A "painful" admission.

Ten years ago, in fact, financial circles were working on a scenario which was to be illustrated by a novel entitled "Krach '79." The OPEC would lead the world into bankruptcy through its excessive financial surpluses. It was clear from the beginning, however, that these surpluses would be recycled in the Western banking system, which uses them mainly to strengthen and diversify the Western productive apparatus. And that alone.

Let us assess this. In 1980, when the balance of current payments surplus for the OPEC countries as a whole reached the record figure of 109 billion dollars (after the increase in the price of crude oil to more than 30 dollars per barrel), the balance for the 15 leading banks in the world, all Western, came for its part to 1,270,000,000,000 dollars.

Today, the bankruptcy of the financial and monetary system would be more a result of the disappearance of this surplus, replaced by increasing indebtedness for the oil exporting countries, whose bankruptcy would be likely to affect in turn the commercial banks which granted them credit "too generously." In order to make possible the redeployment of their industries, it goes without saying.

For since the drop in crude oil prices for Westerners, it has been above all their financial profit margins which have been affected, because the assets represented by the loans granted borrowers in difficulty have temporarily ceased to bring interest.

Led to adopt development strategies likely to lead to overconsumption of imported goods and products on poorly articulated and fragile economic foundations, relying solely on oil as a resource for domestic financing, there is therefore nothing surprising in the fact that a number of oil exporting countries currently find themselves in a critical position. And it is strengthened, moreover, by the increase in the cost of credit. In addition, the level of the loans granted to certain countries might seem somewhat excessive. Currently, all of the oil exported by Mexico barely serves to cover the interest on its foreign debt, which is assessed at more than 85 billion dollars. Although the considerable restrictions imposed on conditions for credit allocation, for American commercial banks in particular, forces these countries to have recourse to International Monetary Fund (IMF) credit, the "aid" provided by that international public body, which is in fact controlled by the Western countries, and more particularly by the U.S., proves to be singularly formidable, since it comes down to a veritable assumption of control of the borrower countries. The granting of IMF credit is in fact generally accompanied by Draconian conditions: wage freezing, reduction of jobs in the public sector and drastic cuts in the social expenditures within the state budget, increased rates for public services, suspension of subsidies for food products of first necessity, increased taxes and reduced imports, all representing interference in the domestic affairs of the debtor states, which are thus stripped of the prerogatives of national sovereignty.

Couldn't the "frightening" total indebtedness of the Third World (loans have been granted above all, it should be stressed, to the countries with substantial mining and energy resources) and the socialist countries, which the Western media blame with such complacency for its destabilizing effect on the international financial and monetary system, be seen on the contrary as the surest guarantee that the present status quo will be maintained?

The debt service for the Third World countries in 1983 comes to about 640 billion dollars.

The two scenarios postulated, one after the other (oil surplus, Third World indebtedness), to explain the destabilization of the international monetary system would have in common the lack of objective reflection with regard to reality, were it not that they reflect instead the desire to conceal the fact that the great arbiter of international financial life remains the United States which, thanks to the confusion between the domestic and international roles of the dollar, has the power to create money on an international scale. These champions of granting priority to the struggle against inflation have never admitted the tremendous volume of dollars put into circulation throughout the world (all they have to do is issue excess paper currency) since 1971, in particular because of their deficits since the Vietnam War. The total is some 2 trillion dollars or more. These dollars became the currency of reference in a world incapable of controlling its development.

Now the indebtedness of the federal government, which came to 935 billion dollars in January of 1981 when President Reagan occupied the White House, had already reached 1.2 trillion by February 1983 (i.e., more than 6,000 dollars per capita). As to the trade deficit, it is likely to reach some 60 billion dollars in 1983 (42.7 billion in 1982), according to the secretary of commerce. And this is despite the drop in oil prices and the low level of crude oil imports. An advocate of a state reduced economically to the bare minimum, Reagan nonetheless wants a "strong America" which can "aid" its political allies, or rather the countries strategically capable of strengthening its dominant position. This has led it, quite naturally, to increase its expenditures of a military nature. The defense budget is scheduled to be further increased in 1984, the first year of the implementation of the 5-year defense plan drafted by the American administration. If it is fully approved by the Congress (which has not yet happened), American military expenditures would come to 377 billion dollars in 1988, the last year of the plan. Or put in another way, these expenditures would account for 65 cents out of every dollar of fiscal income, as compared to 50 cents today.

The goal for the United States being to provide itself with the means of ending a war against any adversary whatsoever, including a nuclear conflict on a world scale. In other words, establishing conditions "favorable" to its interests. Basically, the American war plans are oriented against the forces of the Warsaw Pact. The Pentagon admits however that "threats exist independent of the USSR." Therefore the United States must also plan, for example, such that its "access to foreign markets and resources overseas" will be managed in such a way as "to maintain the industrial, agricultural and technological base for its power and well-being." One could hardly be more explicit!

This concern with safeguarding their well-being leads the Americans to strengthen their protectionist inclinations, in order to avoid any competition from imported products, even to the detriment of the economic allies of the United States.

Thus the high level of American interest rates, represented by the monetary authorities as one of the means of reabsorbing domestic inflation, can be seen in fact to be one of the most efficient mechanisms for draining off the capital of the entire world, strengthening the dollar, improving the competitive capacity of the American economy, and above all, weakening the position of the Third World countries and the Western "allies," that of socialist France more particularly. French Minister of Economy Delors appealed to Europe, moreover, at the recent summit meeting of the seven major industrialized countries (held in Williamsburg in the United States beginning on 30 May) to demonstrate firmly that it cannot allow a nation claiming leadership of the Western world to treat the interests of its allies and the world with such "contempt" and "lack of sensitivity."

However, the United States explains the tensions on the exchange markets, and thus the destabilization of the international financial system, in terms of the "discordance" among the rates of inflation in the various countries, which it should be possible to adjust by means of the convergence of economic policies, or policies plain and simple.

An undisguised call to order has just been issued by the United States with regard to the recent French "deviation." But it was also aimed at the Third World countries--that Third World which must be speedily brought back into line. They were urged to promote "austerity" policies under the sponsorship of the IMF, and isn't it some of the members of this Third World, including Algeria, which have in fact suggested, precisely within the framework of the OPEC, that there is an urgent need to find a currency of account and for reserve and international reference purposes other than the dollar for the drafting international trade invoices?

#### Steps To Be Taken

Algiers ALGERIE ACTUALITE in French 23-29 Jun 83 pp 8-9

[Article by Abdelkader Hammouche: "II. The Means of Achieving Recovery"]

[Text] Is Algeria protected against the purposeful trend shaking up the capitalist economies in this critical period of world crisis? In view of the stabilization of the prices of the majority of the so-called strategic projects (semolina, oil, milk), one would be tempted to answer in the affirmative. But would it not be well to carry the analysis further and to test the celebrated saying of Gaston Bachelard: "The first illusion is not the truth?"

First of all, let us begin by setting forth the statement which, well-known though it may be, nonetheless merits reiteration: Algeria trades basically with countries with a capitalist system, more precisely, the OECD [Organization for Economic Cooperation and Development] countries. Until 1978, 83 percent of our imports came from these countries, while our exports to them came to 92 percent of the total. The development which has occurred since 1979 is not yet decisive, to speak the truth, because if our imports from the Western world have declined, which is a positive sign bearing witness to the real determination of the government to diversify our trade partners as much as possible, granting priority to South-South cooperation, which accounts for about 71 percent, our exports to this partner have on the contrary increased, to 92.8 percent. What conclusions can be drawn from this fact?

The position of our trade with regard to the international capitalist market is such that our country cannot, at the current stage, avoid the effects of the contradictions inherent in world economic markets manipulated by the Western powers, one of the most remarkable evidences of which is precisely inflation.

And so it was that in 1981, according to the official statistics of the Ministry of Planning and National Development, our rate of inflation ran about 14 percent. It is true that 1981 was a somewhat exceptional year, because in 1982 that rate had dropped to less than 10 percent, and even in absolute terms, inflation shows the same downward trend. This figure, compared to that prevailing in other countries (for example, 110 percent in Brazil, 25 percent in Yugoslavia) was only achieved thanks to the effort and the vigilance of the state.

To prevent this inflation from having its effect on the workers, the state was forced to take ever-larger quantities from our oil income in order to subsidize the price support policy.

As a result, the state subsidies for the price support policy increased from 900 million dinars in 1979 to 4 billion in 1983, representing an increase of almost 450 percent in 4 years! Moreover, the operational budget has increased steadily (the increase between 1979 and 1981 comes to about 75 percent). This is normal. But the fact nonetheless remains that the majority of the operational expenditures are not directly linked with productive activity. President Chadli himself emphasized to the officials in the course of his tour of inspection in the Eastern part of the country (M'Sila, Biskra) that "it is necessary to brake this trend leading to the increase in administrative personnel at the expense of productive personnel. This situation has lasted too long."

The question arises as to up to what point the state can tolerate imported inflation before it affects the workers, in the full knowledge that the income from hydrocarbons is decreasing in real value from year to year, while demand is constantly increasing, because of a high rate of population growth, but also and above all because of the development of living standards. One thing is henceforth certain: the financial capacity of the state to support the prices of goods of first necessity (through the compensatory tax, inclusive, which affects so-called products of secondary necessity and luxury goods) is not unlimited. It is obvious that if the state budget were expected to show a deficit, the first result of this situation would be the development (or exacerbation) of inflationary tensions with all the consequences thereof: shortages, black markets, etc., which, by a reverse effect, would make these tensions worse. Under these conditions, is it not more reasonable to apply a flexible price reality, or put in another way, a gradual increase in prices, within tolerable limits, it goes without saying, rather than postponing the measure until a time when the situation would impose dramatic increases with all the negative effects therefrom?

One of the solutions to this evil known as inflation involves reducing our imports and diversifying our trade partners, giving priority to the friendly countries of the Third World. In this connection, fortunately, the state has ordered a major effort. The mixed Algerian-Kuwaiti, Algerian-Tunisian and other commissions which have met recently, as well as the African tour by Prime Minister Abdelghani, are proof of this desire on the part of the government to bring about real South-South cooperation in fact. It is very clear that we should not expect a drastic change in the orientation of our foreign trade, which has been outward-looking for decades. But, as a mitigating circumstance, there can hardly be any true South-South cooperation unless adequate political conditions exist. A positive aspect, credited in part to the world economic crisis and in part to Algeria's efforts in the Third World sector, is that our Third World partners are more aware today than in the past of the vital need to promote cooperation on a large scale. The fact nonetheless remains that our economic operators have not as yet reached the sought-after cruising speed in the realm of prospecting. Thus much remains to be done.

In addition, an equally decisive factor enters into the formation of the inflationary phenomenon and its exacerbation. It is the fact that the necessary balance has not as yet been found between the process of production and the process of distribution. It has become a commonplace to state that the private sector plays an essential role in the marketing of merchandise, for example. This sector is responsible for more than 60 percent of the trade activity. The paradox therefore lies in the fact that while production is almost exclusively state-controlled (outside agricultural production), the marketing circuit is largely in private hands. And the following can be observed: the private sector, at least certain of its components, appropriate for themselves pure and simple an important portion of the surplus product created by the state production sector, using it to organize and accelerate inflation, insofar as the weaknesses which still exist in the realm of marketing circuit control allows them to impose high prices. In this connection, the situation with farm products is very enlightening. Now as early as 1976 our constitution stated: "The actions of the political authority should also be oriented such as to ensure that the system of services and distribution does not threaten the result achieved by the productive sectors, the development of national accumulation, or the safeguarding of the purchasing power of the people's masses" (Constitution, p 139). Certainly the resolutions of the Central Committee of the FLN concerning the private sector could not be more clear about "the need to eliminate illegal and abnormal practices which hinder and falsify the trade between the public and the private sectors." But the gap between intention and practice never ceases to widen, if indeed there is not an unwillingness to close the gap because the private sector does not want "to play the game." For as long as this sector continues to control a large part of the distribution networks with the freedom of action it now has, it will be possible for it to influence prices as it wishes, thereby deepening the channel for inflation, which, if it is not mastered, will frontally attack the purchasing power of the laboring masses. The state could not, then, play any role other than that of an economic regulator, by increasing the volume of money in order to increase wages on the basis of rising prices. But since such an increase would not represent the creation of new value, it would itself become a factor leading to the depreciation of the currency and the aggravation of the inflationary trend. One of the basic consequences of such a distortion is the overvaluation of the work paid for. Thus because of inflation, the rate of real growth, which was 11 percent during the three-year plan, dropped to 5.5 percent during the five-year plan, even while national growth increased from 13 to 23 percent (taken from the MPAT [Ministry of Planning and National Development] economic evaluation).

It is obvious that this situation only serves the interests of unproductive, parasitic and speculative activities at the expense of productive activities and the satisfaction of the social needs of the workers.

How can we get out of this tunnel?

It seems to us that it is necessary at all costs to moderate the outward orientation of our economy, and above all to diversify our exports, currently made up in large part of hydrocarbons. We must diversify not by exporting

other raw materials which may in the future become a new source of economic dependence, but rather manufactured products and services. The recent example set by the SONELEC [Algerian National Company for the Manufacture and Installation of Electrical and Electronic Equipment], which signed a sales contract with Yugoslavia for 10 million light bulbs, clearly proves that we can do this provided the will exists. It would certainly be proof of bad faith to deny the positive results obtained to date. For example, imports, which accounted for 40 percent of the gross domestic product in 1979, now account for only 30 percent. The fact nonetheless remains that along this path, it is necessary to go farther, particularly since a serious potential, which is for the time being unexploited or badly exploited, does exist.

Moreover, as we have seen, one of the causes of domestic inflation is poor mastery of the marketing circuit. Mr Hamidi, a director at the MPAT, believes that "improving the marketing circuits and making distribution more flexible are certain means of muzzling the middlemen." This operation must of necessity be accompanied by an increase in domestic production, which will make it possible to end shortages, a source of speculation, while at the same time reducing the power of the middleman.

It is also important, as provided in the five-year plan, to improve storage capacity, which is today sadly inadequate. On the level of retail trade, it is a question of developing large areas, above all in places with a heavy population concentration, such as to ensure harmony and extensive coverage for distribution, in order to combat speculation and to halt the shortages, particularly those which the private sector may be tempted to create to maximize its profits. "However," Mr Benkahla, director general at the MPAT, believes, "the most important activity should be focused on the conditions of organization in primary trade (small merchants). It is a question of a serious study as to how to create the most adequate conditions for organization, supply and compensation (profit margins), if what is truly wanted is to effect reform and put an end to parasitic activities."

After all, during the Constituent Congress of Tradesmen and Artisans held at the Palace of Nations from 10 to 12 May, these issues were raised and discussed very pertinently. The steps announced by Minister of Commerce Khellef pertaining in particular to rates for service activities and the establishment of profit margins come, and this is the least one can say, at the proper moment for correcting a situation characterized heretofore by the scourge of anarchy.

Indeed Algeria has not had the same inflationary rates as some oil-exporting countries (Nigeria, Egypt, etc.). But let us beware of calling this thing which is taking on all the aspects of a real cancer a mere pimple.

5157  
CSO: 4519/277

GROUPING PARTY ISSUES LATEST CRITIQUE ON SOCIAL, ECONOMIC PROBLEMS

Cairo AL-AHALI in Arabic 25 May 83 p 8

/Article: "The Grouping Party Calls for Solidarity among Nationalist Forces"/

/Text/ The Secretariat General of the Grouping Party issued the following statement at its meeting this 21 May. Here is the text of the statement:

Egypt is going through a multifaceted crisis that has been inherited from the era of al-Sadat. It is increasing in intensity and depth with each passing day, and its results are being reflected on all nationalist forces and all the classes of the people. There has been evidence to indicate the possibility that some positive changes have been made in the policies al-Sadat bequeathed: some steps have been taken in this direction in response to the movement of the masses, under the direction of President Husni Mubarak, but these steps, while not changing the essence of the policies being pursued, soon lost momentum, to the point where they almost stopped. Indeed, pressures have been made and are being made to negate them, by numerous external and internal forces which have no interests in change, and the effect of that has been to lead to the aggravation of the crisis, rather than progress along the road to the solution of it.

The past few months have witnessed the escalation of the struggle over the future of the country, since public opinion has been exerting pressure in the direction of the demand that a real change be made in the policies of the parasitic groups that created the crisis and that parasitic activity be eliminated. This struggle has intensified recently as a result of the insistence, on the part of specific circles in the ruling party, that the limited democratic freedoms be curtailed; as a result of the emergence of the blatant nature and depth of the phenomenon of corruption in Egypt, together with the failure to adopt measures to guarantee that it will be uprooted and that its regrowth will be prevented; as a result also of the exacerbation of the economic crisis, the constant rise in prices, the appearance of the government's inability to adopt the necessary measures to limit the decline in the standard of living of the toiling classes; and finally as a result of the perpetuation of a foreign policy that, in the context of the current Arab impotence, has permitted the continued deepening of the stages of American hegemony and arrant Israeli adventurism in the Arab nation.

The outcome of all this has been that the masses are suffering from further burdens and restrictions, strengthening the general conviction of the people to

condemn these parasitic groups and the increasing mass demand that real solutions be found to their economic, social and political problems. In confronting this positive development in the positions of public opinion, the parasitic classes have launched a counterattack whose goal is to block off the road to any attempt at real change or the adoption of measures that will infringe on their interests. This counterattack reached its peak toward the end of last April with an intensified media campaign which attempted to revive al-Sadatism and whitewash it. Although the people coordinating this campaign have temporarily lowered their voices, we expect more such campaigns in the future, and we expect that they will assume diverse forms to achieve the same goal, which is to preserve their interests. However, the current facts of the situation stress that it is no longer possible to cover up this comprehensive crisis, which is stifling the country, and that there is no way to avoid adopting decisive measures to get out of it.

#### Ruined Rights

The people of Egypt, who have fought for a long time for the sake of democracy, realize that democracy is not a matter of raising slogans or proclaiming slogans. Democracy is the right of the real majority to rule and the right of the minority to express itself to the masses so that it can win them over to its ranks, so that it in turn may someday become the majority and gain the right to rule, in order to carry out the policies it is calling for. Therefore the people alone are the government, and their will is above all other wills. Democracy also means the right of all groups and classes to organize themselves freely, to express their interests, and to defend their interests without obstruction.

Our party does not deny that steps were taken after President Mubarak assumed power which gave the existing parties the chance to issue papers and enabled them to engage freely in criticism without being opposed or persecuted, and that is something which we appreciate. However, that right remains in doubt and threatened as long as the government, the ruling party and the dominant authorities continue to consider that the real disclosure of its errors, the exposure of its misdeeds and threats to its dominance are a violation of democratic practice which calls for the appeal to muzzle people and limit the freedom to publish. The threat to end the limited practices of democracy still exists.

However, democracy is not only reaffirmed by the freedom to publish, which is exposed to permanent threats; the restrictions imposed on the formation and establishment of parties, student federations, and labor and professional unions and on the right to congregate and engage in mass activity are still being imposed, and the group of exceptional laws in violation of the constitution, which are threatening to public freedoms, remains.

Indeed, legislation was issued recently which includes interference in the right of professionals to organize themselves and engage in their activities, and further constraints have been imposed on the freedom to exchange information and Egyptians' right to knowledge and science in a manner which would be of use in their country or abroad.

The practices bearing on discrimination among Egyptians on the basis of party affiliation, the allocation of many benefits to the ruling party and its members, and the exposure of the members of the opposition party to numerous forms of pressure have continued. These practices must be stopped in their entirety if we want the course of democracy to be realized and stabilized. Our demand for the exercise of democratic freedoms and the acquisition of more of them absolutely does not mean a threat to or the destruction of democracy.

In this context our party asserts, in particular, the need to give free rein to freedoms, to abrogate the laws restrictive of them and to respect the freedom of mass and political organization. It asserts the independence of all democratic institutions and the abrogation of all laws that prevent the effectiveness and the development of the mass movement. The party calls for the grant of freedom to form parties and issue party newspapers, and it lays emphasis essentially and urgently on the need to guarantee the freedom of mass assembly for the existing parties and the freedom to be nominated to labor and professional unions, student federations and so forth without intervention from the socialist prosecutor, the administrative agencies, the security authorities or others.

Our party also asserts the maximum importance of providing circumstances to express the people's will in a true manner without pressure or falsification. That is the means for attaining the true, not fabricated, rule of the majority, and therefore the issue of elections becomes a focal one in this area; our party demands that elections take place in an atmosphere of total neutrality. In this regard we assert that the heresy which was contrived recently, which is embodied in elections through lists by absolute party majority, is frankly an abortion of democracy and that there is no alternative to abrogating this system and carrying out elections to local assemblies and the Consultative Assembly on the previous basis, that is, open elections. The three existing opposition parties have declared their rejection of any elections which take place on the basis of absolute party lists, and our party therefore asserts once again that it will not participate in such elections, if they take place. It is necessary to reopen the dialogue on the optimum means for getting the people represented in parliamentary elections. Our party has not concealed its partiality toward the method of relative lists. The president also declared his preference for this system, and after that a discussion took place on the tendency to adopt the relative lists. However, in the course of it, the ruling party was afflicted with intense panic and reasserted that there would be no thought of amending the system of elections in any local elections or elections to the People's Assembly, which means that there will be no thought of returning to the democratic system.

Our party, in this area, also asserts that constitutional legitimacy and the sovereignty of the law are tantamount to the cornerstone of any democratic system, that constitutional legitimacy is not just a formal issue, but, before and after that, is attentiveness to the spirit of the provisions and lofty goals of the constitution. Therefore, the fabrication of a law without the will of the people who are to be governed by that law or the codification of legislation in a few hours without study or close examination cannot be compatible with objective constitutional legitimacy.

## The Government and the Proliferation of Corruption

The slogan of purity and the prosecution of the people responsible for corruption which President Mubarak raised was the object of receptivity by our party, and was the object of the receptivity of the people. The people in general supported the fact that some of the main sources of the corruption were brought to trial before the court of values. In spite of our support for the prosecution of certain major corrupt figures, our party, from the beginning, has pointed out that the elimination and extirpation of the phenomenon of corruption will demand more than mere trials and the transfer of the sources of the corruption to the judiciary, even if the scope of the trials is broadened to include everyone who is known to have taken part in the corruption. We have shown that corruption in Egypt is clearly connected to the total complex of economic policies which prevailed in the past, especially the grant of free rein to the speculation and greed of parasites, and the grant of permission to the despoliation of the public sector, small savers and depositors by the parasites who speculate with the money of others and reap astronomical profits at the expense of the livelihood and health, indeed lives, of the people.

The group of trials of Rashad 'Uthman, 'Ismat al-Sadat and Tawfiq 'Abd-al-Hayy that have taken place before the court of values has highlighted the degree to which corruption has infiltrated into Egypt, its connection with leaders in the government and the ruling party, and the role of many officials in various administrative and economic agencies in facilitating the plunder of the country. The court of values, in its verdicts, referred to many gaps in administrative and oversight statutes that made matters easy for the sources of corruption and enabled them to amass profits at the expense of the people and the future of Egypt. It demanded that a comprehensive review be made of existing statutes on work by imposing oversight and accountability provisions and by adopting the appropriate steps to prevent the repetition of the phenomena that were subject to its investigation. The suits filed by the socialist prosecutor and the verdicts of the court showed the firm connection between the parasites and the phenomenon of corruption which had proliferated and become exacerbated.

The clear guiding statements afforded by the verdicts of the court notwithstanding, the reaction on the part of the government did not go beyond the expulsion of two ministers and the transfer of the court's verdict on the al-Sadat case to the public prosecutor so that he would adopt legal measures against anyone whom the verdict of the court of values had referred to whom the investigations showed had to be brought to trial. The government ignored the verdict on Tawfiq 'Abd-al-Hayy, in spite of its guiding statements on corruption in the liberalization banking sector and the involvement of some officials. It does not so far appear that there has been any attempt, or any intention, to review the statutes which led to the proliferation of the corruption which the court of values referred to in its verdicts.

Governmental hesitation and retrenchment made it possible for the parasitical elements to use their control over many of the centers of the economy to impose a kind of economic paralysis and use all the means of pressure they possess to

prevent any new steps to impose government dominance, surveillance and direction of the country's economic life and prevent the bringing of further sources of corruption to trial.

Our party demands a decisive confrontation with the parasites and a comprehensive review of the economic, administrative and oversight statutes in effect in order that the roots of corruption may be pulled out and their renewal may be prevented. Our party considers that the application of the measures to which the provisions of the court of values referred is a minimum to this end, and the party demands that the people responsible for the corruption be rapidly brought to criminal trial, that the reports of the accounting agency and the agencies of administrative oversight be studied, and that the people responsible for any excesses or aberrant conduct be rapidly brought before the competent judiciary bodies.

#### A Subordinate Economy

The grouping Party has also supported the president's demand that it is necessary to investigate the country's economic crisis and important to emphasize the effort to get the country out of its crisis. The party presented a thorough economic report on the causes of the crisis and the means for emerging from it. The party also emphasized urgent solutions for reforming the economy in the context of the capitalist economic system and presented what it considers a group of interconnected solutions which it is possible to apply in this regard. The party concentrated in particular on the importance of increasing agricultural and industrial production, limiting increased luxury consumption, restricting imports, limiting foreign indebtedness, fighting inflation, distributing incomes fairly preserving and developing the public sector, and orienting the private sector toward productive activity. The economic conference, in the course of its discussions, emphasized some of these trends, but that has not been reflected in prevailing economic policies, except for the issuance of an economic plan which had not radically changed in practical reality from the previous economic change, since the plan was issued hastily without a review of the policies applied, and the roles of economic management were put into actual execution with all the faults of these policies.

The increasing intensity of the subordination of the Egyptian economy to the world capitalist economy, the circumstances of the current international economic crisis, the drop in oil prices, and the continuing inflationary trends in the Egyptian economy have led to an aggravation in the economic crisis in Egypt, an increase in the rates of inflation, and severely uncontrolled prices, and these have led to a constant deterioration in the living standards of the Egyptian common and middle classes. The government has failed to adopt the measures that will guarantee that the constant increase in prices and the rapid deterioration in the masses' standard of living are prevented.

Our party has demanded, and still does demand, that decisive measures be taken to limit inflation through decisive surveillance over prices, that the budget deficit be coped with by means other than the printing of money, that there be greater reliance on direct taxes for financing the budget, that a review be made of tax exemptions and the tax rate on the upper income classes, and that there be limits on excessive nonessential spending. In addition, the party has demanded an urgent

program to increase the country's production of essential commodities to satisfy basic needs, especially the major agricultural products which the common classes consume, by adopting measures to ensure that the direction of economic resources be tightened, in particular by tightening Central Bank surveillance over credit policy, imposing government control over imports, and protecting the value of the Egyptian pound.

#### American Hegemony

In spite of limited positive stands in the area of the country's American policy, Egypt has continued to depend totally on the United States of America to solve the Middle East problem. In addition to the constant deterioration in the Arab position, that has led to the reaffirmation of American military and political hegemony over the Arab nation, and Israel, in the context of these circumstances, has managed to obtain an increasing price for its aggression against Arab territory.

The United States has recently imposed a new Camp David on Lebanon which is placing Lebanon under American-Israeli dominance, and it has imposed numerous measures on it to enhance Israel's security and wrest Lebanon from the Arab context, thus threatening Arab security in its totality. This has led to the rejection of the latest agreement by all the detachments of the Lebanese national movement, which has borne the burden of defending Lebanese soil in the face of the Israeli invasion.

Our party calls for support for the Lebanese national movement's position on the latest agreement and calls on Egypt to adopt a real policy of positive neutrality, to stimulate its future role in the context of nonalignment, to regain its leadership role, to support the Arab struggle against the Israeli aggression and Israeli dominance, and to strive to furnish the suitable conditions for liquidating the Camp David platform.

It also calls for support for the Palestinian people to realize their rights to self-determination and establish their independent state on their territory under the leadership of the Palestine Liberation Organization, the sole legitimate representative of the Palestinian people.

To that one should add that our party, with respect to the national cause, reasserts the rejection of the establishment of any foreign bases. It appreciates the Egyptian negotiators' latest position of rejection of the establishment of American bases at Ra's Banas, but stresses the rejection of the provision of any military facilities on Egyptian soil. It calls for the need to adopt the necessary measures to regain Taba and thwart Israeli attempts to drag out or lengthen the negotiations on it. It also stresses the need to stop all forms of normalization of relations with Israel.

Emerging from the crisis will require ending the current hesitation and resolving the issue of change in favor of the people. That is the responsibility of all national forces that are devoted to Egypt. Our party has appealed in the past,

and is appealing anew, to all national democratic forces to rally together around a national salvation program which will strive to assert and implant democracy, liquidate the parasites, eliminate and extirpate corruption, face up to the economic crisis, put a stop to the constant deterioration in the masses' living standard, achieve national independence for the country, and its foreign subordination, and bring Egypt back to its leadership role in resisting colonialism and Zionist hegemony in the Arab nation.

The party is presenting this program as a basis for free discussion among all the nationalist forces in the country. The party is exerting, and will continue to exert, all efforts to attain the broadest national alliance, proceeding from the premise of this program, and is permanently prepared to support every sincere effort aimed at delivering Egypt from its crisis.

Long live Egypt, a nation of freedom, socialism and unity!

/Signed/ The Secretariat General of the National Progressive Unionist Grouping Party.

11887  
CSO: 4504/454

EGYPT

NEW ECONOMIC PROPOSALS UNDER CONSIDERATION

London AL-TADAMUN in Arabic No 3, 30 Apr 83 p 34

[Article: "Egyptian Government Considers New Economic Measures"]

[Text] The Egyptian government is considering a set of new economic measures to be taken to offset the decline of foreign currency revenues which resulted from the decline of export prices for Egyptian oil.

At first, Egyptian economic authorities estimated this anticipated decline in Egypt's foreign currency revenues, due to the decline in oil prices, to be about 750 million pounds during the next fiscal year and the remaining months of the present fiscal year. For the remaining part of the present fiscal year the anticipated decline in foreign currency revenues is 250 million pounds.

However, Dr Salah Hamid, Egypt's minister of finance announced recently that this figure was not a final estimate. This means that the figure is expected to rise, or Egypt's foreign currency losses will increase because of the decline in oil prices.

Engineer 'Izz al-Din Hilal, deputy prime minister and Egypt's minister of petroleum confirmed this when he announced that the oil sector will provide Egypt's treasury next year with about 1.899 billion pounds in foreign currency; this is compared with 2.7 billion pounds last year. Thus, the anticipated decline will be about 800 million pounds and not 500 million pounds as had been indicated by early or preliminary estimates.

Dr Mustafa al-Sa'id also announced later that he expects proceeds from Suez Canal transit fees--and these are paid in foreign currency--to decline another 100 million pounds. This decline is caused by the fact that proceeds from transit fees are affected by the current crisis in the oil market, the anticipated decline in oil production and, consequently, the decline in oil shipments through the Suez Canal, particularly since oil represents four fifths of the trade going through the canal.

Experts in Egypt's Central Bank expect remittances from Egyptians working abroad to decline during the next fiscal year. This decline will be caused by the measures and restrictions that some Arab governments are expected to impose on such remittances to offset the decline in oil export prices in their countries.

These restraints will be similar to those that have actually been imposed recently by the Iraqi government on remittances from Egyptians working in Iraq. They include setting a certain percentage of one's income that may not be exceeded in remitting any sums of money outside Iraq.

#### The Magnitude of the Losses

Therefore, economic authorities expect Egypt's foreign currency revenues to be affected significantly during the next fiscal year and in coming years as well because of these developments that resulted from the decline in world oil prices. Egyptian economic circles do not expect Egypt's foreign currency losses to be under 1 billion dollars next fiscal year alone. This is a large figure, particularly when we know that Egypt needs eight times that figure to finance the projects of the economic development plan in the coming years. That economic plan was started this fiscal year.

Consequently, a new set of economic measures are being considered to offset this anticipated significant decline in Egypt's foreign currency revenues, particularly after efforts made by the Egyptian government to increase oil exports to make up for a measure or a part of the decline in oil prices failed. The Egyptian government failed to persuade Israel, the biggest buyer of Egyptian oil at the present time, to increase its purchases of Egyptian oil over 2 million tons a year. This is about one fourth of Egypt's oil exports.

#### What Are the Proposed Measures?

These proposed measures, which economic authorities are still considering, include reducing the amount of the subsidy included in the state's budget to maintain the prices of basic goods, especially since [that subsidy] has exceeded 2 million pounds. It is known that the Egyptian government had drawn up its economic plan for the next 5 years on the basis of stabilizing subsidy figures in the budget so that subsidies do not exceed 2 million pounds. However, this new decline in Egypt's foreign currency revenues is making the Egyptian government reconsider reducing subsidy figures further to under 2 million pounds. The tendency now is to rule out reducing the subsidy on bread and flour and to reduce the subsidy on other goods at different rates. In addition, the subsidy for oil products, for which about 93.5 million pounds were allocated in this year's budget, would be reduced at the same time as a necessary means for setting the right course on oil consumption.

The proposed measures also include keeping military spending fixed or at least increasing it at a very small rate. Egypt's budget this year had included an increase in military spending of about 455 million pounds, thereby making total military spending about 1.742 billion pounds.

The proposed measures that are being considered by the government also include keeping the figure for wages in the new budget fixed or increasing that figure slightly to provide only those new allocations that are necessary for the hiring of new university graduates and the set periodic raises for employees in the administrative system and in public sector companies.

In addition, the government is now considering other proposals, such as further

reductions in government spending, the imposition of some kind of austerity measures on spending in the state's official and administrative agencies, and reductions in Egyptian imports from abroad. The value of Egyptian imports has exceeded 8.5 billion dollars; they are more than 60 percent of Egypt's GNP. In 1973 Egyptian imports did not exceed 23 percent of the GNP. Egyptian imports can be reduced by reducing the importation of recreational goods, food and intermediate goods which can be produced or manufactured locally in Egypt. At the same time a greater effort is to be made to increase Egypt's exports to the outside world, particularly since the value of Egypt's exports, including oil, is less than half the value of its imports. The value of Egypt's exports is no more than 1 billion pounds, if one leaves out the value of oil exports. This is less than 12 percent of Egyptian imports from abroad. Direct and indirect tax increases are also being considered.

So far the Egyptian government has not come to a final decision regarding these proposals and measures despite the intensive meetings that are being held continuously with the economic community and despite the fact that President Husni Mubarak has been taking part in those meetings.

8592  
CSO: 4504/432

EXPERTS SEEK SOLUTIONS TO IMPACT OF INFLATION OF FIXED SALARIES

Cairo AL-MUSAWWAR in Arabic No 3058, 20 May 83 pp 28, 29

Article by Majid 'Atiyah: "An Additional 24 Pounds per Month for the Salaries of Working Families: How Can We Protect Them from Market and Price Factors?"

Text Now:

The word on the additional new allowances for all employees in the government, the public sector, and the private sector has become settled. People's opinions have also come together on the size of the additional raise, and it has become confirmed that they will be included in salaries and pensions.

AL-MUSAWWAR surveyed all papers and magazines in determining the raise and the alternatives which had been presented concerning it. These alternatives were the object of a dialogue between the proponents of the social view, that of settling on the largest figure for the "raise," and the economists, who never get bored of talking about figures, surpluses, deficits, savings, and other general government budget terminology.

The most conspicuous argument among "economic thinkers" was the fear they raised on the reaction on prices and the market and increased consumption, which would have the effect of increasing inflation.

We will try to have a discussion here on "protecting raises" from the factors of the market and the exploitative elements in it, so that the raise will continue to realize the goals that are expected of it, of improving our living and social conditions. So that there will be a point to the discussion, we will go back to last year's experiences carried in a number of field reports on prices which the Cairo Chamber of Commerce made following the declaration of the additional raise last July.

The reports state:

The Experience of the Past.

The canned meat category recorded a rise of 3 percent.

The category of canned sardines, mackerel and tuna registered an increase of 13 percent.

The canned processed cheese category registered an increase of about 4 percent.

Different types of hard Balkan cheese recorded about 15 percent, although that is a local product.

Various canned preserves recorded about 12 percent.

Various vegetables recorded a rise that came to 12 percent on the average.

Different types of fruit recorded an increase that came to about 15 percent on the average.

In spite of the increase in the number of animals slaughtered at that time, slaughtered meat recorded a rise which settled at 10 percent.

Live fowl, in the form of chickens, turkeys, ducks and geese, registered an increase totalling 25 percent.

Local fish recorded an increase which in the case of some categories was as high as 25 percent, but the overall rate settled at 10 percent.

In addition, men's underwear and lingerie registered rates of increase of more than 15 percent. In addition, cloth increased by more than this rate, in the case of many categories, to the point where the rate of increase in some came to more than 29 percent.

This is what happened in the market, after the payment of the raise began at the start of last August. The rate of the increase to the wage, on the average, did not exceed 4 percent. However, the average increase in prices came to more than 12 percent on the average — that is, the market raised prices more than three times the amount of the raise. Thus, merchants devoured this raise and devoured part of the basic income from the period just before the raise along with that.

#### This Year's Raise

What is expected to happen in the market this time? Will the same story repeat itself? Will prices increase by the size of the raise, as if it had not occurred, or will it increase by several times the raise and lead to a new drop in the value of the basic income which we depend on in our lives and our whole livelihood, especially since we are going through a stage of import guidance and we must meet that with a rate of guidance in consumption, in order to protect the country's economy and protect most elements of our own living standards.

#### At the outset:

We must realize that the new additional raise this year marks an increase of 50 percent over the past year, on top of the periodic raise, which ranges from 2 to 8 pounds. That is, this time the raise will be between 8 and 14 pounds per male or female worker. If both spouses work, the family income will increase monthly by about 16 pounds at the minimum and 28 pounds at the maximum, on top of the half-month's salary which was paid out last week and the encouragement bonuses and incentives which constitute a new raise in income. If we consider that that is about 4 pounds per month at a minimum, the added family income at a minimum, will be 24 pounds a month.

## A Firm Confrontation

Lest the market swallow up this raise, and in order that the social goals of the raise will remain sound, notwithstanding market factors, the government will be embarking on a confrontation with the market this year, in order to retain the income level it is desired to attain, and to avoid all further deterioration. The government will be embarking on a confrontation with the market on two important fronts:

The first is an economic confrontation, through increased production and increased supplies in the market, such as the people's essential requirements.

The second is an administrative confrontation through the stimulation of supply and market surveillance agencies, to guarantee that prices do not run wild and rise without economic justification.

As far as the aspect of surveillance goes, the minister of supply, Dr Naji Shatlah, declared an actual state of emergency among the agencies of the ministry and the supply inspectors, so that the markets will be patrolled daily and on a periodic basis, and merchants will be held to the declared prices, and to the failure to increase them. The minister of the interior, Hasan Abu Basha, has also striven to intensify raids by supply investigators throughout the capital and the governorates.

Instructions to prosecute anyone trying to play with prices in a manner that will swallow up the increases in incomes of employees and people on pension have been tightened up.

## Sufficiency of Production

In the economic context, which is the optimum, most direct method, in the report on the followup of the execution of the plan over in the past 9 months, we can see that there have been increases in production in regard to the necessary everyday commodities. For instance:

Livestock production from live animals and poultry production increased, and the rate of fish production rose.

Conversely, fruit and vegetable production rose at rates which were in excess of the targets for the followup period. Soap and detergent production increased and sugar output increased at a rate above target for the period covered by the plan followup report, some of whose figures were announced by President Husni Mubarak in his speech during the celebration of workers' day.

On the subject of food commodity processing, that alone absorbed 32 percent of the volume of industrial production in the 9-month period for a value in excess of 1,167,000,000 pounds.

The meaning of the increase here in the production required for daily use is that family requirements are being met at a rate that exceeds the increase in births and wages, saving on import activities and thus protecting national income and the family as well.

### The Struggle between Wages and Prices

After this, there remains a discussion of expected consumption rates, especially since the raise is occurring in conjunction with the holiday season and families' summer clothing purchases. Therefore, the need to limit unnecessary purchases stands out, so that there will be no consumer pressure on the market which will lead to undesirable increases, because that will harm the standard of living of the family itself before all else. Any increase in consumption will therefore mean a corresponding increase in prices, and any increase in prices will mean a deficit in buying power of salaries, including all allowances.

People monitoring figures observe that although the development in wages in the government in general, in the past 5 years experienced an increase of more than 100 percent, the development in prices exceeded the increase in wages, totalling more than 140 percent, as the general average for prices for some commodities listed in supply cards. That is, the equation favors prices at the expense of wages, and consequently the purchasing power of these wages and salaries has declined from its real value.

This discussion of wages is restricted to the government and the private sector alone, because the magnitude of wages in the investment sectors and some private sector activities are more than three times the average wages in the government and public sector, just in the case of the low and average groups. In the context of higher and technical management, the average that the private sector pays is equal to several times this groups' comparable wages in the government and the public sector.

Therefore, the government, at the expense of general government budget revenues directed toward investment, has turned to devote more than 300 million pounds to improve the wages of the people working in it, and in the public sector as well, to protect productive forces and the workforce from suffering a decline in living standard due to market and price factors.

11887  
CSO: 4504/416

COOPERATIVE HOUSING LOAN VOLUMES, DESTINATIONS REVIEWED

Cairo MAYU in Arabic 20 May 83 p 7

/Article: "800 Million Pounds in Loans to Cooperative Housing Societies; 20 Percent of the Value of the Loan To Be Paid in Advance to Society Members"/

/Text/ In a conversation with MAYU, Counsellor Shams al-Din Khafaji, chairman of the Housing Cooperative Federation, said that a sum of 800 million pounds has been set aside in the government budget this year for loans to cooperative societies for the construction of housing and for individuals, by which each unit will be allocated 8,000 pounds of the loan, and the remainder will be paid out of members' savings.

The cooperative societies will also build housing units on behalf of their members without obtaining loans from the funds allocated by the government. The interest on these loans will come to 4 percent, whereas they come to 13 percent in the Real Estate Bank and the commercial banks. In addition, General Housing Cooperative Authority loans will be paid out over 30 years, whereas they are paid out over shorter time periods in other bodies.

Counsellor Khafaji declared that Eng Hasaballah al-Kafrawi, the minister of reconstruction and minister of state for housing, had agreed that society members should be given advanced instalments of 20 percent of the value of the loan, and he agreed that the loan should include the installations and garages that ought to be built under residential buildings, as well as such external utilities as sanitary drainage, water and electricity.

Counsellor Khafaji requested that the loan be expanded to include a percentage of the value of the land, that the Housing Cooperative Law, which stipulates that the cooperative societies are to be granted deductions of 25 percent of the value of the land and which they obtain, which will go to 50 percent with the agreement of the minister of finance, be applied by the Finance /Ministry/, the government, or local government units, that a large proportion of the land in new towns be allocated to the societies, that new outlets be opened for the acquisition of land reservation forms rather than having just one outlet for individuals and societies, since individuals obtain most of the forms, and that the reservation period be extended for a period that is adequate for arranging the necessary funds from members' savings.

He also demanded that areas adjacent to the societies which are remote from areas allocated to individuals be set aside to make it possible to establish cooperative sections which would provide members the means for service in the form of shops, pharmacies, markets and nurseries.

He stated that it would be necessary to establish a registry which would include the names of members of all the cooperative societies in Egypt in the General Authority for Construction and Housing Cooperatives and the Central Housing Cooperative Federation, to prevent people from obtaining two cooperative residences from two different societies, as well as to prohibit the acquisition of one cooperative dwelling and another from the private sector.

Counsellor Shams Khafaji added that if the member did not erect a complete housing unit within 5 years of the date in which the land was allocated, it would be permissible to abrogate the allocation, unless he submitted justifications acceptable to the societies, or if he was lax in paying the sums the societies specified in exchange for the real property allocated or in paying the cost of the utilities which was due in the period stipulated for the payment.

He said that after the recent law on housing cooperative activity was issued, a ministerial decree was issued establishing a committee to approve contracts to purchase land from the private sector, after it was ascertained, through inspections and technical tests and the reading of real estate certificates, that the transaction was sound; to approve fees for consulting engineers and specialized lawyers; to approve all projects after studying their economic and technical feasibility; and to set the cost and value of the advance the member was to pay. A coordination committee was also established whose task is to interpret the law and the bylaws on the basis of requests from the societies. That will include the distribution of housing units to members and the approval of announcements for society members through the various media on the marketing of housing units.

In addition, the rules that have been set out will guarantee that all aberrant acts will be restricted to the narrowest possible scope, thanks to cooperation between the federation and the Building Cooperative Authority. They are a response by Eng Hasaballah al-Kafrawi, the minister of reconstruction and minister of state for housing, regarding all rules it is hoped will be added to the recent ministerial decree.

11887  
CSO: 4504/421

GOVERNMENT ISSUES NEW LAW REGULATING BUILDING CONSTRUCTION

Cairo AL-AHRAM in Arabic 8 Jun 83 p 9

[Article: "The Full Text of the New Law Guiding and Regulating Construction Activities: Four Classes of Fines for Building Violations Which Do Not Pose Threats"]

[Text] AL-AHRAM is publishing the text of the new law guiding and regulating construction activities. This includes 10 articles which make it mandatory that construction activities which are in administrative violation be suspended and be inspected by a technical committee of three engineers who are not government employees. These activities may be corrected if they do not pose a threat; otherwise, they will be eliminated and a fine of from 10 to 75 percent of the value of these buildings will be imposed, with the proceeds to be spent on financing low-cost housing and compensating the technical committees in charge of inspecting the buildings. Herewith is the text of the law:

Article One. The stipulations of Articles Four, Eight, 15, 16, 17, 18, 22, 27, 29 and 31 of Law 106 for 1976 regarding the guidance and regulation of construction activities will be replaced by the following provisions:

Article Four. Buildings may not be erected, work may not be commenced, expanded, elevated, modified, supported or destroyed, and no external finishing as specified in the executive bill may be carried out until a permit has been obtained for that from the administrative body which has jurisdiction over regulatory affairs, or it is informed of that in accordance with the contents of the executive bill of this law.

This provision will apply to every entity which builds a building or commences or carries out any of the activities stipulated in the preceding paragraph, be that an individual, a private sector authority, a cooperative society, a ministry, a government department, a general authority, or a public sector company.

Permits may not be given for the buildings or work referred to in the first paragraph unless they conform to the provisions of this law and are in agreement with the technical principles, general specifications, security requirements and health rules specified by the executive bill.

The executive bill will show the conditions and terms which must be met by the buildings being built on the either side of a road, whether public or private, and it will specify the commitments borne by the recipient of the permit upon beginning execution of the work, during construction, and in the event it is suspended.

The executive bill will also specify the areas of jurisdiction granted to the local authorities in setting forth conditions related to the conditions and circumstances of the environment and rules bearing on exterior surfaces.

#### A Bond To Cover Civil Liability

Article Eight. Permits may not be given out for construction or the start of construction on work whose cost comes to 30,000 pounds, or on vertical additions no matter what their cost may be, until the person applying for the permit presents a bond. Vertical additions whose value does not exceed 15,000 pounds for the first time, for a single floor, within the limits of the legally stipulated elevation, will be exempted from the abovementioned provision. The bond will cover the civil liability of engineers and contractors for losses incurred by others as a result of total or partial destruction occurring to buildings or installations, with respect to the following:

1. The liability of engineers and contractors during the construction period, except for their own work.
2. The liability of the owner during the insurance period stipulated in Article 651 of the Civil Code.

Without prejudice to or modification of the rules on criminal liability, the insured will be in charge of reviewing blueprints and monitoring construction through his agencies or whoever he assigns to do so. His civil liability will be determined in accordance with the provisions of this law. The maximum the insured will pay for material and physical losses incurred by others will be 1 million pounds per accident, provided that the liability of the insured per person for physical damages not exceed the sum of 50,000 pounds.

A decree will be issued by the minister of economy by agreement of the minister possessing jurisdiction over housing regarding the rules, conditions, restrictions and terms bearing on this insurance and the cases in which the insured will have the right to refer to the person responsible for the damage. The decree will include the insurance instalment that is to be paid and the person on whom it is binding, with the proviso that the instalment not exceed 1 percent of the value of the work for which permits have been granted. The instalment will be calculated on the basis of the maximum possible loss in the case of projects of a private nature. A decree will be issued on that by the minister possessing jurisdiction over housing, by agreement of the minister of economy, and the bond will conform to the form which is approved by the minister of economy.

#### Suspension of Building Violations by Administrative Means

Article 15. Work on which violations have been committed will be suspended by administrative means. A suspension decree with cause will be issued by the administrative body possessing jurisdiction over regulatory affairs, containing a statement on this work and making a declaration to the persons concerned of the administrative means. If it is not possible to make a declaration to the person for any reason, the declaration will be made by depositing a copy of the decree in the headquarters of the competent local unit, police station or police post in whose area the property is situated, and he will be informed of this deposit by registered letter. In all cases, a

copy of the decree will be posted at the site of the property in violation. The administrative body with jurisdiction over regulatory affairs may sequester the tools and equipment used on the work that it is in violation during the period in which the work is suspended.

Article 16. The competent governor or whoever he appoints, after receiving the opinion of a committee drawn up by his own decree of three architectural and civil engineers who do not work in the administrative body possessing jurisdiction over regulatory affairs and who have at least 10 years' experience, may issue a decree with cause eliminating or correcting work which has been suspended within a maximum of 15 days of the date of the declaration of the decree suspending the work referred to in the preceding article.

Without prejudice to criminal trial, the government, after taking the opinion of the committee referred to in the preceding paragraph, may waive the elimination procedures in the case of certain violations which do not have an effect on public health requirements or the security of inhabitants, the passageways or neighbors, within the limits noted in the executive bill.

In no cases is it permitted to ignore violations related to the failure to adhere to the elevation restrictions stipulated in accordance with this law or the Civil Aviation Law issued by Law 28 for 1981, to regulation lines, or to the provision of spaces allotted for the garaging of cars.

The competent governor may issue his decree in these cases without referring to the committee referred to in the first paragraph.

#### Correcting Construction Work and Evacuating Residents

Article 17. The persons concerned must proceed to carry out the decree issued on the elimination or correction of work violations within an appropriate period, which will be specified by the administrative body which has jurisdiction over regulatory affairs, and the persons concerned will be notified of that by registered letter. If they refrain from carrying [it] out or the period elapses before it is completed, the administrative body which has jurisdiction over the regulatory affairs will do so itself or by means of whoever it assigns to do so, and the person committing the violation will defray all costs, which will be collected from him by administrative sequestration. In order to carry out the elimination process, the abovementioned body may evacuate the people occupying the building, if there are any, by administrative means without having to resort to judiciary measures.

If the correction work requires the evacuation of all or some of the occupants of the building on a temporary basis, that will be done by administrative means and a ledger will be drawn up containing their names. The property will be considered legally in the possession of the tenants during the period the correction takes, and they will not defray the rent for that period.

The occupants of the building will have the right to return to it as soon as the correction work is finished, and they will not need the agreement of the landlord. That will take place by administrative means in the event he resists, unless the occupants have expressed in writing their desire to terminate the lease.

Article 18. The administrative judiciary court will rule on the contestations of the decrees issued suspending, eliminating or correcting construction work in a speedy manner, and the administrative body will be bound to presenting its evidence at the start of the session. The contestation will not result in the suspension of the execution of the decree, unless the court so orders.

Article 22. Without prejudice to any more stringent penalties stipulated in the Penal Code or any other law, anyone violating the provisions of Articles Four, Five, Seven, Eight, Nine, 10, 11, 12, 13, or 17 of this law or its executive bill, or the decrees issued in execution of it, will be punished by imprisonment and a fine equal to the value of the work or the construction materials handled, according to the case, or one of these two penalties.

#### **Penalties Stipulated by the New Law**

Without prejudice to the provisions of Article 24, anyone resuming work which had previously been suspended by administrative means, after being notified of that in the manner stated in Article 15, will be punished by imprisonment for a period of no less than 3 years or greater than 5 years.

Contractors who build buildings, wherever they are, or work without permits from the administrative body possessing jurisdiction over regulatory affairs, after being warned of the decree suspending the work, according to the circumstances, will be punished by the penalties stated in the two preceding paragraphs.

However, if the violation is restricted to the failure to obtain a permit to perform external finishing work specified by the executive bill, the penalty will be a fine of no less than 100 pounds and no more than 1,000 pounds. The persons committing violations of the provisions of Article 12 (bis) will be punished by imprisonment for a period of no more than 1 month and a fine of no less than 100 pounds and no more than 1,000 pounds, or one of these two penalties,

Article 27. The persons concerned must proceed to carry out the verdict issued eliminating or correcting the work in violation, within the period set out by the administrative body possessing jurisdiction over regulatory affairs. If they refrain from carrying it out, or the period elapses without its being completed, the administrative body possessing jurisdiction over regulatory affairs will have the right to do that itself or by means of whoever it delegates, the person committing the violation will defray the costs and all expenses and the costs will be collected from him by administrative sequestration. The provisions stipulated in Article 17 will be in effect regarding the evacuation of the building of the people occupying it, if there are any, in order to carry out the elimination or correction, and the right of these occupants to return to the property as soon as it is corrected.

#### **No Exemptions from Restrictions on Building Elevations**

Article 29. The provisions of Chapter Two of this law will apply to the capitals of governorates and towns which are considered cities in application of the Local Government Law.

A town, village or area may be exempted from the enforcement of some of the provisions of Chapter Two of this law or its executive bill, or the decrees issued in execution of it, for historic, cultural or tourist reasons, for national purposes, for economic interests, or in consideration of the circumstances of the constructed areas, without prejudice to the rights of others.

In all cases, it is forbidden to make exemptions from the restrictions on elevations stipulated in the Law on Civil Aviation issued by Law 28 for 1981, and individual exemptions may not be made in regard to the restrictions on elevation or the rules on building density stipulated in the laws and bills.

Article 31. The competent governor may, on the basis of a recommendation of the local unit concerned, demand that the minister possessing jurisdiction over housing exempt some areas in the city or village from some building stipulations contained in this law or its executive bill, or the decrees carrying it out, as well as the Development Planning Law issued by Law Three for 1982 and its executive bill, when the circumstances of their constructed areas so require, provided that the decree of the minister possessing jurisdiction over housing on the exemption contain an alternative which will realize the public interest and on the basis of which building permits may be issued.

Article Two. New articles will be added to the abovementioned Law 106 for 1976, to be numbered 12 (bis), 22 (bis), and 22 (bis) (A). Their texts are as follows:

Article 12 (bis). On starting construction, vertical additions or completion, a sign must be placed in an obvious place at the building site stating the following:

The number of the permit and its date of issuance.

The type of building and the level of construction.

The number of floors it is permitted to build.

The number of units to be established, the number to be allocated to rental and the number to be allocated to purchase.

The name and address of the owner.

The name of the engineer supervising the construction.

The name and address of the contractor performing the construction.

The name and address of the insurance company which has written out the bond.

A decree of the minister possessing jurisdiction over housing will issue the form and specifications for this sign, and the owner and contractor will be responsible for having this sign set up and remaining in place, stating the information during the period of construction. The owner, upon announcing the sale or rental of the building in whole or in part, must include the information which is to be included in the sign mentioned above.

The foregoing provisions will apply to buildings which are being built, raised or completed on the date on which this law goes into effect, even if the permit for them was issued before the provisions of this law went into effect. The owner and contractor will commit themselves to setting up the sign referred to in the first paragraph within 30 days of the date the abovementioned decree goes into effect.

#### Violations Committed Deliberately and by Neglect

Article 22 (bis). The punishment for crimes committed deliberately or by grievous neglect through the failure to observe technical principles in design, construction or construction supervision or fraud in the use of building materials or the use of materials which do not conform to specifications will be imprisonment for a period of no less than 5 years or more than 10 years and a fine of no less than 50,000 pounds or more than the value of the work in violation. Above and beyond this, a verdict will be issued permanently prohibiting dealings with the contractor to whom the construction was assigned, and the name of the designing engineer or the construction supervisor will be stricken from the records of the Engineers' Union for a period determined by the court in the verdict, according to the individual circumstances of each case. In the event this is repeated, the removal of the name will be permanent.

Any person referred to in Article 14 of this law who commits grievous neglect or acts in a prejudicial manner regarding the duties of his position will be punished by the abovementioned penalties, if that results in the occurrence of one of the crimes stipulated in the first paragraph.

Article 22 (bis) (A). Above and beyond the penalties stipulated in this law, it must be ruled that the work that is in violation be eliminated, corrected or completed in a manner that will bring it into conformity with the provisions of this law, its executive bill and the decrees issued in execution of it, unless a decree is issued in regard to it by the governor possessing jurisdiction or whomever he appoints. If the violation is related to buildings which were erected without permits, as of the date on which this law goes into effect, and it has not been decided to eliminate it, the verdict on the violation will assess an additional fine on behalf of the public treasury which will be equivalent to the value of the work that is in violation. The receipts from this fine will revert to the account to finance low-cost housing projects in the governorates, and they will be allocated to be spent on those purposes.

#### Four Classes of Fines on Work Violations

Article Three. Anyone committing a violation of the provisions of Law 106 for 1976, its executive bill or the decrees executing it before this law goes into effect may present a request to the competent local unit within 6 months of the date on which this law goes into effect that the procedures adopted or being adopted against him be suspended. In this event, these procedures will be suspended until the work that is the subject of the violation is examined under the auspices of the committee stipulated in Article 16 of Law 106 for 1976, within a period of no more than a month. If it appears that it constitutes a threat to people's lives or property, entails a violation of the regulatory line or is in excess of the maximum elevation stipulated by law, the matter must be presented to the competent governor so that he may issue a

decree eliminating it or correcting it, in accordance with the provisions of Article 16 of this law.

The penalty in all cases will be a fine which will be set in the following manner:

Ten percent of the value of the work in violation, if the violation does not exceed 20,000 pounds.

Twenty-five percent of the value of the work in violation, if the violation does not exceed 50,000 pounds.

Fifty percent of the value of the work in violation, if the violation does not exceed 200,000 pounds.

Seventy-five percent of the value of the work in violation, if the violation is in excess of that.

The foregoing provisions will apply in regard to cases under review by the courts unless a final verdict has been issued on them. The review of the abovementioned cases will be suspended by force of law for the period referred to in Paragraphs One and Two.

The receipts of the fines stipulated in this article will revert to the account to finance low-cost housing projects in the governorate, and they will be allotted to be spent on that. A portion of them will also be allocated to compensation for the technical committees, on the basis of the stipulations of the executive bill.

The provisions of this article will apply to all the towns in the republic and villages to which Law 106 for 1976 is to apply by decree of the minister possessing jurisdiction over housing, except for areas and sections which are specified by a decree of that minister, on the basis of a request from the competent governor, within 3 months of the date on which this law goes into effect.

Article Four. Subscriptions to the housing bonds stipulated in Article Six of Law 107 for 1976 establishing a fund to finance low-cost housing projects will be restricted to administrative housing buildings and luxury housing buildings, whatever their cost may be. Administrative housing, in application of these provisions, means office buildings, shops, hotels and tourist installations.

Article Five. The expression "decree of the competent administrative body" will be replaced by the expression "final decree of the competent committee," and the expression "local unit" will be replaced by the expression "local council," wherever they appear in the provisions of the abovementioned Law 106 for 1976.

Article Six. Articles 19, 20, and 26 of the abovementioned Law 106 for 1976 and Law Two for 1982 amending certain provisions of Law 106 for 1976 regarding the orientation and regulation of construction activity will be abrogated, and all provisions contrary to the provisions of this law will be abrogated.

11887

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#### VARIOUS TRENDS IN ADMINISTRATIVE DEVELOPMENT REVIEWED

Cairo AKIR SA'AH in Arabic No 2534, 18 May 83 pp 8, 9

Article by Suhayr Al-Husayni: "A Frank Dialogue with the Minister of Administrative Development: The New Law on Employees--What Does It Mean?"

Text There are many studies now before government agencies on improving the conditions of the "Egyptian employee" and developing the system of work in the government apparatus.

These studies include everything that bears on wages, salaries, incentives and bonuses. They also include ways of redistributing "labor" in a sound manner which will lead to increased production and prevent "overstaffing" within ministries and government agencies.

These studies took concrete form as a law to which the Manpower Committee in the People's Assembly has given its agreement. The law stimulates: "Employees who receive two consecutive reports with a rating of 'poor' will be given compulsory leave, with base salary to be disbursed in full for a maximum period of 3 months, after which half the salary is to be paid out for a minimum of 2 years."

This law has raised many questions in the minds of employees and workers in the government and the public sector, for example: "What is the purpose in this law?" "Will it be applied just to employees in the government, or will its application extend to include people working in the public sector and organizations?" "What if a 'poor' rating is received as a result of personal considerations regarding the supervisor and subordinate?" "Does the employee have a right to present a grievance in this case?" "How?" "Will the provisions of this law apply to employees in 'higher positions?'" "In this case, how will it be enforced?"

"If the tendency is to give the poor employee a leave, will this leave mean final severance?" "What are the conditions for returning to work?"

In this comprehensive, frank conversation, 'Adil 'Abd-al-Baqi, the minister of state for administrative development, discusses the problems and conditions of employees, the issue of the "excellent" rating, and the essential condition governing that. He also discusses matters of incentives and bonuses, how those are handled in money-losing companies, and the appointment of university graduates by the Manpower Ministry.

### Leave instead of Severance

At the beginning of the meeting with Counsellor 'Adil 'Abd-al-Baqi, I asked him, "What is the goal in the amendment which was made in Law 47 for 1978 regarding government employees?"

The minister of administrative development said, "The government apparatus is always complaining about the poor levels of performance, and it is not reasonable that we should stay silent in the face of them, without acting or adopting the appropriate measures to improve the levels of performance, and encouraging people working in all locations to improve their performance and give all their powers to serving the facility, department or unit they work in. As a consequence, it was necessary to take a forward step which would be based on sound and accurate administrative style and at the same time guarantee that performance levels would rise and there would be good service. Therefore, we have striven to add a specific measure which could in effect be firm punishment for poor or negligent workers who do not devote all the capabilities they possess to the job, but which nonetheless is better than final severance."

/Question/ However, we know that Law 47 for 1978 bearing on workers in the government calls for severance rather than leaves in the event an employee receives two successive reports with a "poor" rating. Thus the intention in this modification is to alleviate the punishment, if I have not understood it incorrectly.

"Adil 'Abd-al-Baqi said, "In reality, the current law which was in effect before the amendment, Law 47 for 1978, either a review could be made of the stipulated transfer of workers who obtained two consecutive reports with a 'poor' rating to another more appropriate position, or they could be terminated. However, what happened in practice was that severance was applied to poor employees only in very limited cases, because severance is to be considered a very drastic act. It means the termination of the employee's service in the body in which he works, and as a consequence supervisors and administrators found it difficult to venture on such a step. The chief would feel that if he gave the employee a second poor rating, the result would be termination. What happens is that the supervisor gives him a rating of 'average,' or higher than 'poor,' and the conditions for terminating him are not met. Therefore, the percentage of people to whom the stipulation, which permits severance applies, has become extremely limited, almost nonexistent. Consequently, we have decided to adopt the system of granting leave to employees who receive 'poor' ratings, rather than terminating them."

### Conditions for Coming Back

/Question/ What is the purpose in allowing employees who obtain this compulsory leave to work?

/Answer/ The purpose is that we are paving the way for incompetent employees to obtain other jobs. They might be unsuccessful in government work but then be successful in private work, and consequently will find nothing shameful in presenting their resignation and leaving government work.

This is especially true since the scope for work in the private sector has become open and extensive now. In my opinion, there are people whose nature is not compatible with work under the leadership of others, or government work, and such people might be competent to work for themselves. Thus it is possible that this leave will open up horizons for employees, which they would not have the audacity to venture into, and they might be given the chance that will make them keep going.

/Question/ Are there ways where an employee can return to work before the 2-year period ends?

/Answer/ The employee has the right, during the leave, to ask to enroll in a training course which is given by the body in which he works and is compatible with the nature of his work and his qualifications. In this case, if he passes this course, he will have the right to go back to work directly, on grounds that he has been given a new chance with training. However, if he then receives a single 'poor' rating, it becomes mandatory to sever him from service.

#### Leave Is a Strong Warning

/Question/ In the event the employee does not take training courses, will he have the right to go back to work once again after finishing the compulsory leave?

Dr 'Abd-al-Baqi stated, assertively, "If the 2 years elapse, the employee has the right to go back to his job without going through any training courses. At this point the employee is supposed to have been warned not to obtain a bad rating again, or he will indeed be exposing himself to termination."

/Question/ So what is the significance of this leave?

/Answer/ It is just a strong warning, and therefore the supervisor can proceed to use it as a form of punishment, because the return of the employee to work is mandatory after 2 years. In my opinion, when he goes back to work, the employee will then try to give all his efforts, since that will prove that he is competent and not poor, and that he is able to work, because it is possible that the employee has received a "poor" rating not because he is lacking in capability but because of a sort of negligence, laziness, or preoccupation with private matters or personal business. However, in the event he receives such a warning, he will become more serious and will give all the capabilities and powers he has, and this will therefore bring benefits to the administrative agency and to production.

#### The Employee's Status after the Leave

/Question/ What employment status does the employee return to, that is, what is the effect of this compulsory leave on his subsequent progression up the promotion ladder?

'Adil 'Abd-al-Baqi said, "In the event the employee returns after the leave, he will not be promoted with the persons who were appointed at the same time he was, if his turn comes, because after his return a number of workers, equal in number

to the people who were ahead of him the day he was given leave, will move ahead of him in priority. Therefore, as I pointed out, this leave is to be considered a very strong warning for any employee who receives it."

/Question/ We have talked about the situation in the event the subordinate is at fault. What if the supervisor is negligent? In other words, could such compulsory leave also be given to people holding higher administrative positions?

The minister of administrative development said "It is well known that periodic reports are made on workers even in the case of those who occupy Grade One. As for people occupying higher administrative positions, starting with director generals, then central administration heads, then the sector heads, these people are not subjected to the customary system of periodic reports which consist of ratings of excellent, good, average and poor; rather, the reports written about them are prepared in another manner, such as statements from ministers or people occupying higher positions. These are reports which contain observations on their performance levels and therefore this system of giving out leaves is restricted to employees up to Grade One.

/Question/ So the people occupying higher positions are not subject to this law?

The minister gestured with his hand, in negation:

"No. The new aspect of the draft is that it stipulates that the competent ministers or supervisors must approve the observations that are written on the performance level of people occupying higher positions. These reports will be put annually in their files. Before the current law was amended, there was a provision that the promotion of people occupying higher management positions would be in accordance with the data that the supervisors set out on them. However, on returning to practical reality, it became apparent that the competent supervisors and many of the ministers do not set out these reports. The new feature of this draft is that we have made the setting out of data on the performance level of people occupying higher administrative positions mandatory, that is, necessary and binding."

#### The Law and Higher Positions

/Question/ What if the reports presented on an employee who occupies a higher administrative position state that his performance level has not attained the desired level?

/Answer/ In that case, the matter will be presented to a trilateral committee consisting of the minister and the two most senior people occupying higher administration positions in the unit.

/Question/ What if one of the two senior people in the unit obtains a bad report?

The minister of administrative development said: "If it is assumed that the person on whom the statement of incompetence was written, or the person ahead of him is the most senior person in the unit, and consequently two people senior to him do not exist, it is not reasonable that the trilateral committee should

contain two people that are younger than him, and that they should be requested to judge on his competence, and whether this leave should be given or not. Therefore, in this case, the evaluation will be left up to the competent minister alone, and he is the one who will make the decision."

Question / If the minister decides to give him this compulsory leave, will the provisions of the law that are applied to any employee be applied to him?

The minister nodded his head in agreement and said, "Yes, the same provisions."

What Are the Conditions for Presenting Grievances?

Question / If we assume that in some instances a decree granting a leave is given by the supervisor as the result of a certain rancor or personal considerations between him and the subordinate, what are the means for protecting the employee?

'Adil 'Abd-al-Baqi said:

"First, it is wrong for us to assume that all people act on the basis of personal considerations in their lives. The principle generally is that an administrative supervisor is chosen and given a position of leadership after he has gone through specific stages and has been tested in more than one situation, on the basis of which he is chosen to occupy this position, which makes him the object of trust and also makes his decisions the object of trust. This is not to deny that there are individual cases where personal considerations and whims might govern, but they are exceptions, not the rule."

Question / What protects the employee if he comes up against one of these individual cases, by chance?

Answer / The administrative supervisor's report is presented, after it has been written, to the employee affairs committee, which contains a number of senior employees in the location; the supervisor might not be present at all on this committee, or he might be one of its five members. After that, the report is presented to the minister, the governor, or the authority chairman for his approval. In all these stages, the employee can present a grievance, if he has an objection to the report, to the employee affairs committee, the minister, or the chairman of the authority.

The Reports Are Not Secret

The minister of administrative development said, "At present these reports are not secret, and they will not be secret in the amendment either. The employee has the right to present a grievance, and this grievance will be presented to the body to which he is presenting the grievance and will be studied; if he is in the right, the report will be amended at once. In addition, the final report bearing on the competence report is an administrative report which is subject to judiciary surveillance. Therefore, the employee presenting the grievance also has the right to contest the report before the Council of State. All these

guarantees and safeguards ensure the employee's rights in full, in the rare cases when there is any suspicion of the personal considerations you talked about."

/Question/ Are there conditions in which subordinates can present grievances on their supervisors?

The minister [ blank space ], replied, "There are no conditions on presenting grievances, but there are deadlines. The employee can present a grievance on an administrative report regarding any report within 60 days, and, if he wants to file a case before the Council State, he must do so within 60 days of being informed that his grievance has been rejected or within 60 days of the submission of the grievance if he has not received a response or answer from the official body to which he has presented the grievance."

"Excellent" And No Output

/Question/ If we talk about the opposite side of the picture, that is, how we can protect the person writing the report, that is, the supervisor, from having complaints submitted against him--it is obvious that an employee who receives a poor report will resort to presenting a grievance to the supervisors or the judiciary.

/Answer/ There are two systems for setting out reports: the system of secret reports and the open system. There are people who defend the secrecy of reports, which was in effect before the current Law 47 for 1978 was issued: the reports were secret, and only employees who received poor ratings were informed of them, so that they could have an opportunity to present grievances. Perhaps there were advantages to this system. The people who defend it say that in the case of secret reports, the supervisor would not be under the pressure of being embarrassed around the people working with him. In addition, we find that the supervisor wants to deal with the people he works with in a humane spirit, and he gets embarrassed, so as a consequence he gives them high reports in order to make them happy. The result is that when we adopted the system of open reports, it was noted that more than 90 percent of the reports on all the employees were excellent. Is that reasonable?"

The minister went on, "In no human society does the number of excellent persons exceed 10 or 15 percent; the number of poor persons does not exceed 10 or 15 percent either. The rest are average. That in reality is one of the flaws of the open system. We have discussed this issue of secrecy and openness in reports in the Manpower Committee in the People's Assembly; the Workers' Federation can send letters to the Organization and Management Agency requesting that the system of secrecy in reports be brought back, so that 90 percent of the employees will not get excellent ratings and as a consequence we will not be kept from giving real incentives, because I should only provide incentives for the excellent; in order for them to increase their production, I give them an incentive which is greater than that for persons with less competence. However, when we make all employees equal, the benefit in giving incentives as an impetus for increasing output disappears temporarily. Perhaps it is for these reasons that there was a demand to restore secrecy in the reports."

The minister added, "In any event, we discussed this matter in the People's Assembly, but the government did not make any recommendations on the draft presented to the assembly. We retained the system of open competence and production reports, and it was not agreed that we should return to the system of secrecy in the reports."

#### The Flaws of the Open Reports

/Question/ You have mentioned the bad aspects of the system of open reports, but nonetheless the government has constantly retained the system. Why is that?

The minister smiled softly and said,

"I thought about this system, and found that a refrain is prevalent among a large number of employees to the effect that there are personal considerations in the setting out of reports, as you yourself asked now, and that consequently, if we go back to the system of secrecy in reports, this refrain will increase. Nonetheless, the negative criticism made against the system of open reports is that it engenders on the part of the supervisor, who consequently gives a high percentage of the people working with him excellent reports. This negative aspect could be remedied administratively through instructions to supervisors to give out excellent reports only in limited proportions. It is possible, for a start, for us to say that they will not exceed 30 percent, so that they can be kept in line with the ordinary proportion of excellent persons, and thus we will be overcoming the situation, by these administrative instructions, without a provision in law. This of course will be determined after the percentage is studied and a submission is made on it to the Consultative Committee on Administrative Development, then to the Council of Ministers. This draft is under study now."

/Question/ Will the application of this law be restricted just to persons working in the government, or will it include persons working in the public sector and organizations?

The minister of administrative development said, "This amendment is restricted to civilian government employees in the government, the general authorities and the local government authorities. As far as organizations go, we have not yet prepared the final form of the amendments to Law 48 bearing on people working in organizations. We are now making a study on this aspect because I believe that the provisions will differ slightly, in view of the fact that conditions within the organizations differ from those in the government. The preparation of this law will be completed for presentation to the People's Assembly before the conclusion of its current session."

/Question/ When will the application of this law start, in the case of employees in the government?

/Answer/ The Manpower Committee of the People's Assembly has given agreement to the draft, but a session has not yet been set for discussing it in the assembly. When agreement to that is given by the assembly, it will be applied at once.

/Question/ So there is a likelihood that the assembly will reject the law and that it will not be applied?

/Answer/ It certainly will not go into effect until the People's Assembly gives its agreement. Then it will be published in AL-JARIDAH AL-RASMIYAH and will be executed at once. That will take place, God willing, in the current session of the People's Assembly as well.

/Question/ Has the Federation of Workers and Unions given agreement to this draft?

/Answer/ We have discussed these amendments with the Federation of Workers. When the draft was being discussed in the Manpower Committee of the People's Assembly, two persons were in attendance at this meeting as delegates of the Federation of Workers.

#### Incentives for Excellent Persons Only

The minister went on, "We are also working now to intensify training in order to raise performance levels. We are also expanding the system of incentives in order to make a distinction between people who are excellent and people who put out less. Incentives are not titles that are repeatedly bestowed--rather, we need rules and criteria for specifying these incentives and measuring the performance level, which is what the Organization and Management Agency is now doing, so that there will be a system of incentives in each government body which will draw a distinction between people who are excellent and those who perform less."

/Question/ Where does the financing for the incentives come from?

Dr 'Adil 'Abd-al-Baqi said enthusiastically:

"First, many subheadings lie under incentives, such as personal competence. The question is, why should I give encouragement bonuses to every employee in a given body? I must discriminate. There will be a sum of money in the first chapter; we are trying to study this now with the Ministry of Finance and the various ministries, so that we can have a sum for incentives which will be properly used, so that they will not be given out in uniform percentages and amounts to everyone. That is being studied now, with the objective of guiding each body by these model systems in setting out the incentive system."

#### Money-Losing Companies and Incentives

/Question/ What is your opinion about money-losing companies which distribute incentives and bonuses to persons working in them?

/Answer/ The law does not allow money-losing companies to disburse incentives unless the losses are independent of the will of the people working in the company. If the loss is a result of administrative anomalies, they are absolutely not allowed.

/Question/ There are money-losing companies that have given out incentives even though the loss could be attributed to anomalies in management.

/Answer/ That is not the basic principle; I am not in favor of that.

The Manpower /Ministry/ and Appointments

/Question/ On the appointment of university graduates through the Manpower /Ministry/ has there been any thought of reviewing this system, especially since it has been pointed out that that is one cause of overstaffing and low production?

He replied, "The appointment of graduates through the Manpower /Ministry/ is fixed government policy, and one that it has been conclusively agreed is to continue. However, the new aspect of this matter is that the rate of appointees is automatically declining year after year because job opportunities are opening up in Arab countries and the private sector. This is a healthy phenomenon, and consequently the negative effects of this law are declining year after year. For example, at the end of the year less than 40 percent of university graduates will be being distributed by the Manpower /Ministry/."

/Question/ There are problems facing everyone who deals with the government apparatus. Eliminating these problems will not cost anything, because their causes may be attributed to mismanagement, for instance, the pileup of work in the presence of employees dealing with the public, at a time when we are talking about surplus labor sitting idly at desks. What is your opinion about that?

/Answer/ I wrote a memorandum on this subject which will present specific recommendations in the next session of the Service Committee in the ministry which will not cost large amounts of money. I will propose these to the competent ministers in various places and administrative supervisors in order to attempt to improve the performance level in these bodies. Perhaps it is premature to talk about them now.

/Question/ We won't talk about them in detail, but let us take some examples.

Dr 'Adil 'Abd-al-Baqi smiled and stated, "One of them, for example, is to concentrate on increasing outlets for providing service. A body for example gives permits where a single employee receives the applications; why shouldn't there be three or more? We find long lines before warehouse attendants; why shouldn't there be three or four warehouses, and why shouldn't I put employees in them, if, as I pointed out, I am suffering from overstaffing?

"Another example: I am suffering from overstaffing and a shortage in offices. Why shouldn't I expand the work in additional shifts--that is, some bodies engaged in providing services for the public could work in an evening shift? Thus we would be reducing the overstaffing, and giving the employee a chance to do his work outside the official morning working hours.

"Another example: The stages for offering services must be consecutive and logically ordered, in the sense that no one should come and ask for a service from a

department, and have the employee demand a signature from an employee on the fifth floor and another on the second, or the like. Attention must be given to this in arranging the cubicles which provide services. In addition, it is not proper that a body which provides a service to the public should put an employee who deals with the public on the seventh or eighth floor, while the director general and the deputy minister, who do not deal with the public, get offices on the first and second floors:

"These are some examples which I presented in an integrated memorandum with the objective of raising the performance level in the government apparatus. Perhaps they will contribute, if only in part, to the realization of that!"

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CENTRAL AUDITING OFFICE INVESTIGATES OFFICIAL MISCONDUCT

Cairo SAWT AL-SHABAB in Arabic 1 May 83 pp 1, 3

[Article by Fayiz Zayid: "Serious Violations in Governorates, Youth Organizations, Investment Projects"]

[Text] The Central Auditing Agency has uncovered serious violations in the governorates to plunder and squander public funds.

The report by the Central Auditing Agency indicated that officials in governorates and local government units had been lax in the investigations they conducted with people who had squandered public funds and remiss in calling them to account for their actions.

It turned out that some governorates had set up numerous projects, paid millions of pounds for devices and equipment they purchased, and received no benefit from any of this. Food supply operations for schools, hospitals and health units were tampered with; foreign assistance was misappropriated; thousands of pounds were disbursed to some contractors and concessionaires who did not carry out the projects that were assigned to them; and operating orders for government vehicles were tampered with, and the vehicles were put to personal use.

In the governorate of Sawhaj the local unit in the administrative district of Jirja ceded land, 13,000 square meters worth about 1,000,300 pounds to the establishment of a university modeled after al-Azhar University. The land was turned over to al-Azhar's general administration. In 1980 citizens contributed 103,000 pounds [for the project]; and 100,000 pounds were sent to al-Azhar University. So far, the project has not been implemented.

In the governorate of al-Fayyum the Supreme Council for Youth and Sports, in conjunction with UNICEF, established in 1969 four vocational training centers within the sphere of the governorate. Equipment was furnished for these centers, and the value of that equipment which could be listed amounted to 11,930 pounds. Although a large number of young craftsmen did graduate from this center, it was shut down. Besides, funds that were embezzled from the center amounted to 2,590 pounds.

Regarding the violations in the governorate of Asyut: It turned out that construction of a popular arena in al-Ghanayim Youth Center has not been completed. This arena for which the sum of 387,500 pounds was allocated was to be inaugurated in

December 1978. Moreover, the Housing Administration, which is overseeing implementation, is still holding part of the appropriated funds; these funds amount to 14,000 pounds, and they are not being utilized. It also turned out that there were gross violations in the social development societies in al-Ghanayim, Sanbu, the YMCA, the Young Men's Muslim Association, the Lawyers' Club in Asyut and the Youth Center in al-Ghanayim and al-Badari. These violations have to do with storage and financial violations.

The Central Auditing Agency uncovered violations and tampering in food supply operations to schools, hospitals and health units. False data or data violating contract terms were found in receiving records. As a result funds were unlawfully disbursed when some articles were furnished instead of others. Invoices were filed for more quantities of food than were actually delivered. Invoices were filed for some articles charging prices higher than the mandatory set prices. Transportation charges were paid without legitimate claims. In the governorate of al-Qalyubiyah 5,064 pounds were disbursed without legitimate claims to food supply concessionaires at some schools and hospitals. In the governorate of al-Fayyum 1,655 pounds were unlawfully disbursed.

In the governorate of Kafr al-Shaykh the concessionaire who supplies food to rural schools pocketed thousands of pounds without delivering the food that he had contracted to deliver. In the governorate of al-Minya subsidized food rations were dispensed in quantities exceeding the actual needs of hospitals and health units. A large part of these rations was misappropriated. Rations that could be accounted for amounted to 774,146 kilograms of sugar, rice and shortening and 20,438 bars of soap and cleansers. In the governorate of al-Fayyum the concessionaire who supplies food to schools unlawfully pocketed 11,665 pounds.

Regarding those projects where implementation has been lax the Central Auditing Agency revealed that some contractors had been lax in executing 624 housing units and 2 health units and [installing] 2 pumps for the water treatment plant in the governorate of Sawhaj. The costs of these projects amounted to 4,473,012 pounds. Work had also stopped on the automated bakery project in the governorate of Ismailia since April 1981 after the sum of 346,976 pounds had been disbursed. This is above and beyond the estimated 2,000 pounds spent every month to pay the cost of guarding the site and the equipment.

The slipshod manner with which some construction operations were implemented--an apartment building, a preparatory school and an ice manufacturing plant--in the governorate of Bani Suwayf caused a delay in receiving benefits from 172,473 pounds. Besides, price differences, administrative expenses and delay fines amounting to 554,728 pounds have been due from contractors. Implementation of the elevated bridge in Kafr al-Dawwar in the governorate of al-Buhayrah has been delayed for over 7 years.

#### Projects from Which No Benefits Were Derived

The governorate of al-Sharqiyah allocated 25,000 pounds to furnish a mobile workshop that would provide maintenance for agricultural machines. The governorate purchased a car for 9,500 pounds, and it built a garage for it that cost 7,000 pounds. It turned out that this mobile workshop was not put into operation.

The governorate of Damietta established a department for obstetrics and gynecology at a cost of 38,000 pounds in the building of the first district clinic which is affiliated with Damietta's general hospital. The governorate furnished the department with a complete nursing staff. The department, which has been ready for operations since 1981, has not yet been put into operation. Furthermore, the nursing staff remain unemployed.

In the governorate of al-Daqahliyah 33 apartment buildings were built in 3 cities at a cost of 25,932,400 pounds. Although construction has been completed since 1979, these apartment buildings have not been utilized because local units have been remiss in taking them over from the Engineering Department because sanitary facilities have not been connected to these buildings which are also defective.

In the governorate of Sawhaj a contracting company was awarded the bid for a project to establish a farm for raising female cows and producing milk. The site was turned over to the company on 19 July 1980, and execution was to be completed in 1 year. Then the site for the project was changed on 11 February 1981, and a new site was chosen for the project when it was established that the first site was unsuitable. As a result of the failure to conduct a study on the project and because of the conflicting opinions of technicians and the delay in execution, the company, which was granted the bid, had to be compensated in the amount of 19,780 pounds for work completed on the former site which no one would use.

In another project a vegetable dehydrating plant has been completed since 1974 in one of the local units in the governorate of Sawhaj. Costs for this project were estimated to be 10,000 pounds. However, that plant has not been put into operation since it was built because the vegetables that are necessary for its operations are not available. Therefore, officials introduced some changes into the plant so [the building] can be used to raise livestock during the period from late August 1980 to early April 1981. Then this activity too was suspended. In addition to [the loss] this entailed that large quantities of feed and hay worth 1,980 pounds were left unused. It turned out that the reason for this immense loss was the fact that no technical or economic feasibility studies were conducted for the project.

In the governorate of al-Gharbiyah warehouse operations in Tanta's Cancer Institute were tampered with, and articles worth 13,193 pounds were misappropriated. The agency's investigation of the closed books on some construction operations which were executed and turned over in a preliminary fashion during FY 1981-1982 revealed that the discount rates mentioned in the terms of the contract were not deducted with some contractors on some work that was carried out. With other contractors discount rates lower than those that were agreed upon were deducted. This resulted in large sums of money being unlawfully disbursed to contractors. Such amounts that were accounted for amounted to 58,900 pounds. The local unit of al-Mahallah al-Kubra had assigned a contractor, who had submitted a bid, the task of replacing and renovating the water system for some city streets. The contract was awarded on the basis of accepting a five percent discount on the value of the work that is completed. It turned out, however, that the aforementioned unit discounted that rate on part of the work only and not on all of it. As a result 3,591 pounds were unlawfully disbursed.

It also turned out that the local unit of the city of al-Santah helped the

Cooperative Society for Construction and Housing misappropriate 1,461 pounds allocated to the construction of the religious institute.

The investigation of the Central Auditing Agency revealed that educational administrations in al-Mahallah al-Kubra, Tanta, Samanud, Qatur and Zifta had unlawfully disbursed 11,884 pounds to the employees of the schools of these administrations despite the fact that these employees were on leave.

#### Tampering with Drugs

Weak internal control on storage operations in al-Sinbillawyn's central hospital led to the fact that a stock clerk pilfered articles from storage worth 2,537 pounds. Weak internal control is manifested in records which show that daily disbursements of some articles exceed actual disbursements. Records show that some articles were not added to inventory books and some articles were deducted from the books to show that more was disbursed from stock than what was actually disbursed.

In the governorate of North Sinai the sum of 11,137 pounds was misappropriated; this sum constitutes the proceeds of the out-patient clinic at al-'Arish general hospital.

In the governorate of Bani Suwayf disbursement of oil materials in some irrigation districts of the department of agriculture were tampered with. There was tampering [also] in one of the health collectives, and that led to the misappropriation of 2,048 pounds.

Funds, articles, food and medication were tampered with and misappropriated. The value of those misappropriations which have been accounted for amounts to 4,975 pounds from the revenues of the Road Division in Abu Qarqas, the central hospital in Bani Mazar, the account of the Rent Committee in the police precinct of Maghaghah and the Service Improvement Fund in Maghaghah's central hospital in the governorate of al-Minya.

#### Misappropriating Cement

In the governorate of Qina tampering was discovered in quantities of cement from the allotment set for the local unit of the district of Isna. These quantities of cement amounted to 6,758 tons. It turned out that this unit uses shipping contractors and city merchants to transport its allotment of cement from the cement sale office in Cairo. It became evident to the agency that a large quantity of the unit's cement allotment had not arrived even though documents for these quantities had been turned over to these contractors. Some of these documents date back to March of 1980. An examination conducted by a committee that was formed at the request of the agency revealed that the shipping contractor had misappropriated quantities of cement amounting to 2,647 tons. The examination also revealed that he had given out additional quantities of cement for some projects--these amounted to 9,962 tons--and that the contractors for those projects had disposed of the cement. The contractor had also disposed of 179 tons of cement to some residents without asking for their permits. He had also disposed of additional quantities of cement amounting to 129 tons to some people who had permits. The remaining 2,841 tons were with some merchants.

Tampering was also uncovered in some articles of foreign aid in the central hospital at Abu Tisht. Some deliveries were not recorded in the stock, and nothing is known about what happened to them. The value of misappropriated foreign aid articles amounted to 11,663 pounds.

#### Equipment for Millions of Pounds Purchased Is Not Benefiting Anyone

The governorate of South Sinai purchased equipment and devices that it did not benefit from. In addition, some of this equipment was left out in the open. The value of such equipment that has been listed amounted to 400,000 Egyptian pounds, 199,578 U.S. dollars and 106,306 Deutschemark. These funds were used to purchase a refrigeration vehicle in September 1981, for which 25,000 pounds were paid. But the vehicle was not operated, and it was used for storage. In December 1981 equipment for a bakery was purchased at a cost of 15,000 pounds. This equipment was stored out in the open. In May 1981 a vehicle equipped with a workshop was purchased for 106,309 Deutschemark. This vehicle has not been operated because the technicians needed to operate it are not available. Two bulldozers were also purchased for 199,578 U.S. dollars in December 1981. These were not used for the purposes for which they were purchased.

In September 1980 the governorate of al-Sharqiyah purchased fire-fighting equipment for the village fire-fighting project. The value of this equipment, which amounted to 114,727 pounds, was charged to the services and development account. It turned out that, unfortunately, this equipment was left in storage and was not distributed to the local units in villages so they would be used to avoid the dangers of fire in villages.

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#### SHORTCOMINGS OF COMMERCIAL WORKERS UNION VIEWED

Cairo ROSE AL-YUSUF in Arabic No 2860, 4 Apr 83 pp 29, 30, 31, 44

[Text] Some people are under the false impression that commercial workers are owners of commercial establishments or import-export offices, however, the commercial workers' profession refers to any person who has a commercial certificate from a commercial college or institute or holds any higher, intermediate or foreign qualification which are equivalent to Egyptian higher qualifications.

The commercial workers union is one of the recently established unions. It was established in 1974. It has about 150,000 members and is considered one of the largest unions. This was due to the high number of commercial school graduates which has reached the figure of 10,000 in certain years. Prior to 1974 this union was called the union of accountants and auditors who were considered to be of higher qualification. But since then commercial workers of all levels have joined the union.

A commercial worker may be appointed in government service through the work force, or he may choose to work independently as a certified public accountant after training for at least 3 years, according to the requirements of the law, in order to acquire a professional certification to qualify him to practice in free enterprise. There are, however, certain exceptions to this requirement for holders of jobs called "corresponding professions" such as tax officials and university professors, in that the law considers their actual work period as a period of training.

It is strange that the law concerning professions discriminates between commercial workers who have high qualification and those who have intermediate qualification whose number is 30,000. Although their affiliation with the union was voluntary in the past, they now face difficult conditions. For example, they have to join the union within 5 years of their date of graduation or they will lose their eligibility if they apply even one day after the specified 5 years. On the other hand members should not exceed 30 years of age. Also persons of intermediate qualification cannot apply for membership unless they are actually employed, while university graduates can join the union up to the day before their retirement on pension. Therefore holders of intermediate qualification are demanding that an independent union be set up for them, but so far no one has responded to their demand.

While commercial workers consider that the period which started from the economic open-door policy was a productive period for them, when new employment opportunities have been created for them through investment companies and foreign banks, young commercial workers seem to be unable to make the adjustment between their theoretical studies at the university and the fast development of business operations which now basically depend on knowledge of languages and computer science of which university students have been deprived during the years of their university studies. Therefore introduction and development of such educational programs in colleges of commerce has become absolutely necessary.

#### The Tax Official and Tax Collector

Although the problems facing accountants of proponents of free enterprise are relatively different from those of other commercial workers they eventually become part of the overall problems of the commercial profession in general. However, the main problem now facing the accountants is the Tax Law No 57 of 1981. There is no doubt that the work of tax officials has a special significance for owners of independent accounting offices. They must naturally have ample experience in inspection of books, and no doubt a section specialized in inspection of books must exist in colleges of commerce or specialized institutes. What happens is that a young man having graduated only 6 months earlier undertakes the task of inspection which requires great accuracy. He will naturally take a longer time in preparing a report, although he is required to submit the report at a specified time. This leads to an accumulation of inspection reports for the commissioner. Time being limited, he is obliged to resort to a random assessment which would be inaccurate in most cases as it is based solely on the external aspects of the firm.

It is also strange that the law allows settlement of taxes due from financiers by payments while at the same time it binds them to an interest rate of 13 percent or whatever rate is declared by the Central Bank.

Among the other difficulties facing independent accounting offices is cancellation of the clause concerning the tax collector who is the representative of the taxation department and who used to visit clients personally to collect taxes due from them. But now the law obligates the clients to go to the tax collection offices within a period of 15 days to settle their payments, otherwise they will be penalized by law and their properties will be placed under lien and sold immediately. On the other hand certified public accountants are at a loss in effecting the payments of so many clients whose books they are inspecting, as the majority of their clients have not become sufficiently well-informed to the point where they hasten to settle the taxes owed. Similarly, the various new taxation instructions that are renewed from time to time are confusing for the private accounting offices.

People of various professions wonder why the tax law allows them a per capita deduction of 10 percent while it allows writers and artists 15 percent and why aren't they treated equally?

## Legislation is Needed

Secretary general of the workers union Qadri al-Sharqawi says that the profession of commercial workers must be organized and regulated by law as there are no regulations governing the particulars of their profession, since now it is possible for any person to open an office and call it "business administration consultant" which is a shortcoming in the law. Since the profession of commercial work is practiced by many people, it is necessary therefore to lay down criteria for legislating the professions which come under different sections of commerce. He says that only accountancy and auditing are governed by any law although it is taught in the university. Similarly the sections of economy and insurance and other sections of commerce are not regulated by law.

It is noticeable that the import-export profession is being practiced by many people as it is not included in the list of commercial professions, while its operation requires adequate commercial and economic background to achieve results and not harm the country's interests. If this profession is regulated by law, intruders would be eliminated. For instance, if anyone wishes to open a new business, he must first submit a required study of the business he intends to open.

Secretary general of commercial workers' union goes on to say that commercial workers are facing certain difficulties, for example why do we keep young commercial workers waiting for a job appointment after graduation? We must create educated and professional businessmen and see more nameplates such as "administration and organization consultants" the same as nameplates of doctors, provided the consultant is registered in the union. We thereby develop free enterprise and clear the market for intruders.

Two years have passed since we prepared a draft law for legislating the profession of "business administration and organization" as a first step of our endeavour, but so far it has not materialized.

To enable the government to alleviate itself from the burden of finding appointment for graduate students every year, it must open the way for free enterprise and thus it would be able to put an end to two main problems. First it will end concealed unemployment, and secondly it will create competition between commercial workers engaged in free enterprise. Nevertheless the government must have an active role in helping professional unions. For example when it builds housing units it should allocate one to a professional union at a reasonable cost or even by settling the cost by payments, so that the union may be able to open offices and allocate them to qualified young men thus creating a class of educated professionals who would devote themselves to their profession.

## Difficulties including Bank Guarantees

Secretary general of commercial workers union, Qadri al-Sharqawi goes on to say that banks must also cooperate with businessmen. When the latter want to start a business and ask for a loan from the bank, they face severe terms such as demanding certain guarantees which professional men could not meet and as a

result banks do not treat them as they should, and do not cooperate with them. Why don't banks grant them facilities for obtaining loans in addition to allowing them a grace period? As far as small businesses are concerned, these must be run by private individuals and not the government. The secretary general says that in his opinion the responsibility of professional unions is to raise the standard of the profession only and not the standard of those who practice the profession. He adds that this is not a labor union which deals with labor problems and at the same time endeavours to raise the standard of the worker. He goes on to say that disability pension of commercial workers is too little, namely 20 Egyptian pounds a month for those who retire on pension. On the other hand, at least 15 years must have passed since their graduation to be able to qualify such pension.

After various complaints, Law No 155 of 1980 has been published under which pension was increased from 50 percent to 75 percent but so far this has not been implemented due to lack of funds. Therefore, union funds must be consolidated to meet the required increase in pension salary.

#### One Union for One Profession

Assistant professor of the college of business administration and secretary of the youth committee of the union of commercial workers, Sharif Qasim, declares as follows: The commercial workers' union includes seven branches while no other union includes such a large number of professions. Membership to the union of commercial workers has become compulsory for graduates of economic and political sciences since 1980 although they have been trying to have an independent union for themselves. A draft law now exists for establishment of an independent union for economic and political professions. He says that a professional union must be restricted to one profession, because organizing a profession means making it self-contained. Professions must also be organized through their unions in line with the progress of their society, economy and commerce, such as having separate unions for business administrators, economists and accountants, so that each union can have a definite framework of its own, and accordingly it would be possible to eliminate intruders to the profession. He goes on to say that different types of professions have become in demand since the economic breakthrough, but there have not been corresponding changes in the programs of education to meet such demands. Graduates who devote themselves to studying in a university would not be able to work. While an accountant or economist is supposed to be graduated with the ability to work in the market. The economist must be able to prepare market studies. What is the use of a medical college if students are taught about diseases which do not exist in society? Graduates find themselves unable to work in the market. Education is one thing and practical work is another. Therefore, graduates have to take up work either as middlemen or wait for government appointment. They seldom acquire experience on their own since it is difficult to do so. For example, colleges do not prepare qualified students to work in investment companies. Therefore the youth committee of the union has arranged to open courses for learning foreign languages for its members and their families at nominal charges.

## An Oppressed Generation

Member of the board of the organization and administration section of the union of commercial workers Nabil al-Bashbish says that the demand for college of commerce graduates does not correspond with the actual numbers needed--in quality or quantity--and so far only traditional specialized professions are being taught, such as business administration, accounting, insurance, and economics. In his opinion the time will come when there will be a surplus in the number of commercial college graduates who will not be able to find a job. Therefore it is essential to follow up the trend of modern educational and technological developments such as the study of computer science which must be taught in commercial schools so that it would not be restricted to students who can afford to study it abroad after graduation.

He goes on to say that there are strange contradictions regarding employment of commercial workers. For example, a graduate may wait for a government appointment, the other may sign a contract to go abroad, yet a third may try his luck in banking or investment sectors. There are also moral and material differences between the above three categories; therefore, the generation of commercial workers is in distress. Will the graduate find a way to be accepted to work in the investment sector or be able to get a contract of employment for work abroad if he has sufficient funds, or will he depend on employment with the government which does not observe any proper method of distribution of specialization in the country?

Nabil al-Bashbish suggests that the number of graduates from commercial colleges must be regulated in the light of national planning for utilizing manpower, with due regard to the needs of employment in Egypt and other Arab countries. Education curriculums of commercial colleges must also be improved to ensure the practical development of the abilities of students to specialize and to catch up with scientific advancement of commercial sciences in general. He wonders why new colleges of commerce are being opened in the districts? Establishment of a university is not a goal in itself but rather a means of achieving that goal. Therefore, before opening any university, proper planning and financial support must be provided with due regard to availability of employment opportunities for its graduates.

As regards commercial workers who wish to work abroad, they usually find difficulties in having their applications processed and approvals obtained. No one graduate who is working abroad will be able to enjoy his vacation properly but that he would spend most of it in the office dealing with paperwork. He also suggests that each department must open an office to deal with the papers of those working abroad, against a specific payment which would bring an income to the country and at the same time facilitate their work.

On the other hand customs and tax privileges must be granted to the companies that are established in rural areas as a means of improving these areas, providing employment opportunities for their youth and alleviating congestion in the capital city of Cairo.

### An Unimplemented Decision

Nabil al-Bashbish goes on to say that among the problems facing commercial workers is that there is discrimination between technical and administrative employees. There is a law which provides that a technical employee shall become chairman of the subsidiary company of the Ministry of Industry in the absence of the chairman of the board of directors. This does not create a productive work atmosphere. It is well known that the most successful companies of the Ministry of Industry are actually administered by commercial workers.

Also office organization and procedure are very poor, for instance the filing system of taxes is not well organized as one can see files lying on the floor and disregarded.

Regarding payment of professional remuneration which commercial workers consider to be their main problem, member of the board of the section of organization and administration states that such remuneration is payable for practicing one profession and would be paid as compensation to the commercial graduate in lieu of his full time devotion to his profession, so that a commercial worker would not work in other fields of employment.

A decree was issued by the prime minister in 1976 for granting graduates remuneration in lieu of full time work amounting to 9-11 Egyptian pounds, but this has not been implemented yet. In fact it was implemented in certain sectors by the force of law, then it was delayed until passed by legislation. It is strange that when a right has been acquired by decree of the prime minister this should be sought through court rulings, while the decree becomes an acquired right 6 months afterward.

Remuneration in lieu of full time work for commercial workers does not cost the government more than 3,000,000 Egyptian pounds annually. The matter depends on the decision of the minister of finance for implementation of the previous decision. There are also joint committees from the central administration and organization and management to deal with this matter. We now have either to file applications with the authorities which would waste our time and cost us effort and money or to wait for the executive implementation of the decision.

### The Accountant and the Union

Among the problems of certified public accountants are the cases of taxation which are suspended by an appeals committee since certified accountants are not allowed to appear before such committees to defend the cases of their clients, while the private bureau itself prepares the legal application and a lawyer must defend the case before the committee according to accountant Layla Yusuf. She says that it is the right of the accountant to represent his clients in court since he would be well aware of all details of the portfolio; therefore, the union must do something about this. She says that the union holds various scientific and international meetings and it should advise each profession about such meetings but it does not even send summaries of publications concerning such meetings.

The tax department also prepares periodical publications in which it gives details complementary to the law and its implementation all the time. We must no doubt see such publications, but in fact they are sent solely to tax offices and I happened to see them only by chance. I suggest that the union fix a subscription rate for these publications and send them over to us periodically. This will help us both, since we are an executive party or complementary side to the taxation department. The union must no doubt have a duty to fulfill.

Accountant Layla Yusuf adds that the union must extend services to us as we pay for commercial stamping fees which amount to 20 Egyptian pounds on some large balance sheets. The union is supposed to collect such payments for our benefit, but it does not do so. Does the union ignore the existence of accountants?

Regarding the difficulties borne by the sector of free enterprise, she says that a reasonable time must be given to prepare reports by them, so that the estimates would not be haphazard and inaccurate. But in fact the law has determined that the latest time for submitting a report on income would be 14 February before being able to determine the net income for the year, while the latest time for submitting report on profits of industrial and commercial professions is end of March and the general income end of April. The previous law No 46 of 1978 demanded their submission at the end of May when net income becomes definitely known. The previous law had also defined the person who is liable to submit an income report i.e. the financier who is subject to public income tax, while the present law does not determine who is liable.

#### Women and Professions

She wonders why the law has cancelled the so-called conciliation committees? Litigations used to be suspended for 13 months for the sake of reaching agreement, while a committee, in the tax department, holds a friendly session revising the books and conducting discussions with a view to settling all aspects of the dispute between the tax payer and the tax department. They also use to agree on the amount of tax payable following the decision of the appeals committee and pending the verdict of the court. The conciliation committees used to settle many disputes which would otherwise take a long period to settle. Therefore many people are demanding the reinstatement of this committee.

Accountant Layla Yusuf also discusses the problems facing her as a woman. The basic requirement of a profession is public relations. This is a difficult aspect for women due to customs and traditions. Additionally, learning a profession takes a long time especially in business. For example, in the morning a lot of travelling is required between various places, and in the evening clients must be received in the office which is also a difficult task for the "woman accountant" especially if she is married, apart from the great difficulty of dealing with people.

Accountant Ainas Mahmoud Sadiq, who teaches in commercial institutes and works in a private office says that business is very tiresome for a woman especially

when she has to stay until late hours at night during certain periods of work. She says: "I believe that the only opportunity for a married woman is to work as an employee at specified hours, to enable her to take care of her home and children." She says she feels that the union is not rendering any service to them. We do not have a hospital for medical treatment although we have asked for it some time ago. She says that the union must have a say in determining the number of students to be accepted to universities and that it must support the graduates in finding employment for them in suitable positions in agreement with the workforce. As for the pension salary of those who practice free enterprise, accountant Ainas Sadiq says that the amount does not exceed 50 Egyptian pounds a month which is very little and that the union must do something about having it increased.

Now, what is the opinion of the secretary general of commercials workers' union who stresses that the role of the union is to raise the standard of the profession only, as it is not a labor union?

9902  
CSO: 4504/365

APPOINTMENT, REDISTRIBUTION OF GRADUATES DISCUSSED

Cairo SAWT AL-SHABAB in Arabic 1 May 83 p 3

[Article by Faruq 'Abd-al-Ghani: "Talks Continue on Question of Retaining or Abolishing the System of Appointing Graduates"]

[Text] SAWT AL-SHABAB continues the talks and the discussion to hear the points of view, the various tendencies and the differing ideas of specialists and experts in organization, management and administrative development; university professors; and the young people themselves, who are the subject of this important question.

What did they say?

Dr Hasan Tawfiq, chairman of the Central Agency for Management Development asked that the present system of having graduates appointed to positions by the Office of Manpower be abolished. He asked that graduates be appointed in the various agencies, organizations and companies of the state by competing for these positions in accordance with the various needs of these agencies.

Why?

Dr Hasan Tawfiq said, "Because all the manpower planning conferences that were held by the Federation of Management Development Societies, the Central Agency for Management Development, the universities, the higher institutes of learning, the centers for scientific research, the ministries, local government agencies, public sector organizations and corporations and trade unions asked that a competitive system be adopted for the appointment of graduates.

"Let me tell you that most of the policies and systems that have been put into application were not based on a sound plan for our human resources. More interest was focused in this regard on how the rate of increase in these human resources can be reduced than on how they were to be utilized. This may have been one of the reasons behind our economic problems."

Where Are the Manpower Plans?

Dr Hasan Tawfiq thinks, "We are facing many problems in the area of utilizing our manpower. The benefit rate we derive from our manpower is much lower than it

could be if management and planning were improved. It seems that, first, [efforts to] convince companies and institutions of the idea, method and policy of manpower planning did not become as widespread as that was required. Also the effective application of a national manpower plan is faced with major difficulties. We have to discuss, evaluate and consider these difficulties, and we have to find the effective means for convincing others and applying the plan. We have to convince others that manpower planning is important on both an organizational and a national level.

"Our limited resources will not bear that we waste those resources that are available to us, and that which is available to us in abundance is manpower. The fact that there is hidden unemployment is meaningless, and the fact that we have poor distribution of the labor force, wide discrepancies in salaries and wages, education in disciplines that are not required or ineffective training is meaningless. The fact that all this exists is meaningless. It is improper and impermissible for us to use restrictions and limitations, environmental problems and decision-making considerations as excuses. We are supposed to make a proper decision, and we have to come up with a sound policy in light of controlling restrictions, limitations and environmental considerations."

#### The Question of Redistributing Graduates

1. There is a severe shortage in the number of available workers in some government agencies, particularly those agencies that serve the public, such as the Civil Register, the Traffic Office, the Real Estate Office and other similar offices. This sorely taxes citizens who want to get their business done in a short period of time. At the same time we find there is a large manpower surplus in other government agencies. The question here is one of redistribution, provided that redistribution be based on a proper calculation of performance rates and a proper determination of professional accomplishments. Then sound controls would be set, and firm decisions would be made and applied in the shortest possible time.

2. The waste in the qualifications of our young graduates who majored in different disciplines is disgraceful. First, these graduates are appointed to positions that have nothing to do with their areas of specialization; second, they are appointed to positions that do not require a college degree. A college degree is not required for a very high ratio of the jobs that are available in the state's administrative system for university graduates. The result of that is that the graduates themselves are hurt; service standards are impaired; and society is hurt. Every year tens of thousands graduate from the university, and a high percentage of those graduates are not needed. It's as though we wasted large sums of money on university education for no reason.

3. There is an illogical and an abnormal discrepancy in wages and salaries that are paid to workers in the various sectors.

#### Absenteeism Encouraged

Dr Nash'at Muhammad Fahmi and Dr Karam Habib Barsum object to the fact that the government is continuing the policy of appointing university graduates. They are objecting because of the danger posed by this policy of stacking workers in

government and public sector offices. This policy enlarged the labor force in some agencies and resulted in a shortage in other agencies. It also created a class of workers who have no work to do, and that encouraged absenteeism among workers; it delayed production; and workers moonlighted to earn additional income. This is what the majority of workers do. The rest prefer to sit in coffee houses and loiter in the streets!

#### It Created a Generation of Loafers

Mr Isma'il Muhammad al-Qanawati, member of the board of directors of the Youth Society for Social Activity in Tanta and a teacher in the Coptic Preparatory School for Boys in Tanta thinks, "This policy caused people with technical and scientific skills to flee from government and public sector offices. They fled to the domestic labor market where they can sell their skills at a higher price, or they fled to the labor market abroad for an even higher wage."

Mr Isma'il is asking that the state's policy of appointing graduates be reconsidered. "This is because it is a policy that encourages young people early in their careers to become lazy and indolent, and this is a grave matter in any society that wants to make progress. This matter is also not suitable as a foundation for [our] educational policy and plans."

Mr Isma'il affirms, "All these matters are basically due to the existence of an obvious flaw in the state's manpower planning process. This requires that all legislation regulating the affairs and provisions of employment in Egypt be reconsidered."

Now then:

The talks and discussions on this question are continuing. The pages of the newspaper will be made available to various opinions, especially those of young people.

8592  
CSO: 4504/432

NEW TANTA WITHOUT SEWAGE SYSTEM

Cairo SAWT AL-SHABAB in Arabic 1 May 83 p 2

[Article by Sabri 'Abd-al-Salam: "New Tanta Is Without Sewage"]

[Text] The cleanest residential area in Tanta is floating now on a sea of sewage and drainage from apartment buildings. The area is officially known in city council records as al-Mutawakkil North subdivision. Otherwise it is known as New Tanta. It is located behind the Agriculture Administration on al-Bahr Street in Tanta. It is an area that is over 260 feddans on which more than 1,000 modern apartment buildings have been built. Each apartment building has an average of about 12 apartments, but some buildings have more than 30. None of these apartments have drainage. Can anyone believe this? The city council of Tanta [lied] to the people of this area for 5 consecutive years. Each year the council would say, "Funds for sanitary drainage for the area have been included in this year's budget." Then a year would go by and no one would see the budget; no one would see any drainage; and no one would even see the council's vehicle that bails out standing water. That vehicle is always wandering, traveling in the direction of the highest bidder!

Area residents tried to have drainage connections installed at their own expense, but the council's drainage department denied them permission to do so because the water level in the area was low, and that would require the installation of a lifting unit. Nonetheless, the water level in the area is quite ordinary, and the entire problem lies in the fact that the forward sewage systems were poorly executed because the engineering department, which is responsible for such operations, left the matter of execution to residents. Thus, everyone had an opportunity to raise the level of his own wells so he would not have any overflow problems. This made the last wells on the borders of the forementioned area almost half a meter deep. As a result of this negligence and failure and the fact that the problem has not been resolved, all landlords in the area have refused to rent the apartments in their buildings. They fear a disaster occurring as a result of sewage water leaking under the foundations of their buildings, and that would cause the buildings to collapse. Other people have refrained from building because they have the same fear. Still others took advantage of what had happened to justify exploiting others: they refused to turn over to tenants apartments that had been leased, or they simply refused to lease those apartments. If we were to consider the figures that we mentioned, a simple calculation would let us know that if a sanitary drainage system is implemented promptly in the area, the

problem of more than 2,000 families will be solved. Some of these families may be dwelling in huts now, and the rest are young men in their thirties who did not marry because they do not have apartments. And we know that finding an apartment in Tanta is simply impossible. Finding an apartment in Tanta is an exception, and it would be the result of paying an astronomical amount of money as key money.

This question is being posed to the governor of al-Gharbiyah: how do we solve the difficult housing problem in this city before the governorate carries out its obligations?

Attention is to be paid to construction services so construction can be increased and preserved. This will be useful even if millions of pounds were to be spent. It would be better than spending millions on "the inverted bridge" for which millions of our pounds were spent, and Tanta got nothing out of it.

8592  
CSO: 4504/432

AL-QADHDHAFI'S SPEECH IN TRIPOLI

LD192136 Tripoli Domestic Service in Arabic 1256 GMT 19 Jul 83

[Speech by Libyan leader Mu'ammar al-Qadhafi to the joint meeting of the Jamahiriya General People's Committee and the Tunisian Council of Ministers in Tripoli on 19 Jul--recorded]

[Excerpt] In the name of God, the merciful, the compassionate.

I have the pleasure of attending this historic meeting on this memorable day of the meeting of the representatives of the fraternal Tunisian Government and the secretaries of the popular committees of the Jamahiriya in a fraternal and practical meeting and in a unionist manner. This is an historic initiative realized for the first time. I consider it the cornerstone of the work of building the unified structure of the Arab nation to marshal our dispersed people in order to (?cement) the sources of strength and ensure clear victory.

The Arab nation must exploit its potentials in order to build its strength. The building of the strength of the Arab nation can be achieved through overcoming backwardness, through the solution of the political, economic and social problems facing the Arab citizen, and through bolstering our nation's independence by making it independent of the foreigner and of reliance on the foreigner and on the foreigner's aid. [Word indistinct] one of the stages of foreign protection.

At one time, our countries were under colonialism and under protection. Those were the worst conditions which the sons of the revolution lived through. However, this nation will not die, and its defeat cannot be [word indistinct]. Even if it is overpowered for a while, it is capable of marshaling its strength and rising [words indistinct]. After that dark period of colonialism and protection, colonial (?domination) was eliminated and protection fell off (?as a result) of the struggle waged by our Arab countries in all regions. [passage indistinct] Now we have achieved the minimum, the independence of the Arab nation, the existence of the Arab nation on earth and under the sun, [words indistinct] its pan-Arabism, its identity, and its respectability. Tunisia, which used to be a French colony, which France desired to Frenchify and to crush nationally and religiously, [words indistinct] how is an Arab and Islamic land.

Paris used to dream that Tunisia would always be a protectorate belonging to France. The credit for the independence of Tunisia goes to the heroic struggle of President Habib Bourguiba and [words indistinct] the Destour Party, which brought together the elite of the free Tunisians who had rejected colonialism and decided to struggle for Arab Tunisia, Islamic Tunisia, independent Tunisia. Today we sit in this place in Tripoli, and this has not come about in a vacuum. We must [words indistinct]. We must admit that President Habib Bourguiba has reached an understanding with me personally, a conviction in the fraternal dialogue in the [word indistinct] of responsibility and to face the various problems bravely, until we agreed on this joint action which [words indistinct].

This meeting is the fruit of [words indistinct] even if it was at times a hot dialogue [words indistinct]. The enemy is the one who has failed. The one who rejoices at our misfortune is the one who has failed. [passage indistinct] This action, no matter how modest, has been agreed upon by both sides, and this in itself is a certain guarantee that it will bear fruit [words indistinct].

We must not disappoint the masses: The Tunisian masses, which have placed confidence in this government and entrusted it with managing their affairs and resolving their political and economic problems; and the Libyan masses, which chose the basic popular congresses and elected the people's committees that [word indistinct] now form the General People's Congress. The General People's Congress comprises the secretaries of the local, qualitative people's congresses in the Jamahiriyyah. The [words indistinct] general people's committees at the Jamahiriyyah level comprises the secretaries of the local [word indistinct] people's committees. This is the pyramidal structure of the people's committees which have formed the General People's Committee which is now meeting with the [Tunisian] Council of Ministers.

[Words indistinct] you are mandated by the masses, and the presence of the secretaries of the Libyan people's committees and that of ministers from Tunisian in (?these premises) have one objective in fact: to serve the masses, to manage their affairs, and to carry out the wishes of the masses. Any other situation is tantamount to domination and colonization.

I say this is a great day because this is the first time such a meeting has taken place. It is taking place by agreement. We are now setting an example of joint Arab action, the two countries have agreed upon the method of unified, measured, and firm action.

Naturally, we do not mean by this to impose a veto on the bass movements in Libya and Tunisia, which aim at quick work for unity, with intensive steps to attain unity, integration, and to eliminate borders and obstacles between the two countries. We do not impose a veto on popular referendums in Libya or Tunisia.

I have no objection today if the masses in Libya were to rise and consider themselves a front of the Tunisian fronts [words indistinct].

Today we deal with existing facts. Today we trust our brothers in Tunisia who shoulder their responsibility, led by President Habib Bourguiba. As long as the Tunisian people trust these officials, we must deal with them as we dealt with every Tunisian citizen. Internal matters concern the Tunisians.

Internal Libyan matters concern Libyans. We begin our work from the point where the work of the masses in Tunisia and Libya ends. The work of the masses in Libya has ended in the formation of this general people's committee. The Tunisian masses' work has ended with the creation of this government.

Hence, we must accept these existing facts and do all that we can to bring unity closer, to solve the problems, and meet the demands of the masses in Tunisia and Libya.

We must realize that all Arabs are happy with the work we do. There are, however, some who would cast doubts about it from the start. There are some who wish it to fail. They are in various places. There are enemies of Libya and enemies of the Arab nation. They do not want to see us united, independent, and able to solve our problems. They fan them in fact. As you can see in Chad, the Chadians are fighting each other. The imperialist powers and those riding on their bandwagons have poured oil on the fire. They are happy to see civil war break out in Chad. Every imperialist power gives more arms to both sides. Their policy is to divide and rule. They wish to see an international problem [words indistinct] so that they can widen the conflict. The aim is to cast doubt on the Arabs' ability to do something by themselves. They want the Arabs to remain subdued under imperialism in need of consulting the foreigner, and technology must be foreign and culture also foreign. Just as I said a short while ago: There is an attack on the Arab culture in Tunisia and at one time in Libya. They belittle the Arab mentality, the Arab heritage. All this is intended to deprive us of all means of strength and self-reliance, to turn us into weak people in the face of the enemy. The enemy tries constantly to make us lose confidence in our capability and potential and tries to belittle them. Our action here is opposed to the wishes of imperialism.

Imperialism wants to show Tunisia as unable to solve its problems except (?with the help of) imperialist forces, and Libya as unable to solve its problems unless it aligns itself to a foreign power. For the Tunisians and Libyans to meet and solve their own problems is a grave matter for the imperialists. Hence, they will do all they can to strike at this action in order to protect their own interests and the interests of their peoples. They care nothing about the interests of our peoples. They wish for our peoples nothing but backwardness and destitution because these things serve their interests and enable them to wrest our capabilities and to exploit our strategic position for their and their peoples' interests.

The actions of imperialism make clear to us how our peoples have been sacrificed so that the peoples of Europe, the imperialists, may live: The Libyan people should be destroyed for the sake of the Italian people; the Tunisian and Algerian peoples be destroyed for the sake of the French people.

[Words indistinct] this domination, this colonial interference, all this serves the interests of the peoples of the colonial states at the expense of the interest of our peoples. I place confidence in [word indistinct] our Tunisian brothers who have fought French colonialism and domination.

Despite the fact that this people is small with limited [word indistinct] and limited capability, it triumphed over France and its hellish plans aimed at destroying pan-Arabism, Islam, its culture and heritage, and thus [words indistinct] the future of the Tunisian people so that the latter [word indistinct] through France's line [words indistinct]. But perfidious colonialism failed and was wrecked by the Tunisian popular struggle led by President Habib Bourguiba and the Destour Party.

This is a [words indistinct] success. [Words indistinct] the stage of building socialism, the stage of equality, the stage of the distribution of wealth to the sons [word indistinct] of the homeland in Libya, in Tunisia [word indistinct], the distribution of wealth [word indistinct], the land for all, wealth for all, equal [word indistinct] for all: A house belongs to he who lives in it; the land to he who plows it; and a car to (?he who drives it). Each citizen is equal with respect to power, wealth, and arms, as well as with regard to the defense of the homeland [word indistinct]. Defending the homeland and carrying arms is now the duty of all citizens.

We do not interfere in the choice of our Tunisian brothers: To set up a republican regime, a presidential regime, to have elections and parliaments, and so forth. Our ideological opinion of these matters is clear, but we do not interfere in the measures that Tunisia adopts in this regard.

Despite the existence of a real obstacle to Arab unity [words indistinct] serious work has continued in the cause of Arab unity since the start of the great 1 September Revolution. The Arab nation constitutes a great region. It has passed through an historic stage. However, despite our efforts the Arab nation has, unfortunately, certain regional differences. We believe that these matters should no longer create difficulties for us. It is possible to have Arab unity that can absorb all differences and conflicts that exist within our countries in our Arab homeland. Thus, there can be a republic, a Jamahiriya, and perhaps even one day there can be a kingdom within the one Arab unity. If these prove incapable of surviving however, they will be buried. Anything that loses its progressive character will lose its connection with history and vanishes. I cannot ignore Arab realities. But I declare that this cannot act as a veto on revolution in the Arab homeland or on the right of the masses to take initiatives. I leave these matters to the people. However, I cannot ignore Arab realities in the work for Arab unity. For the sake of Arab unity, we must not try to freeze Arab realities until confrontations take place.

I work for activating Arab realities toward unity, which would absorb all Arab conditions now present even if they seem conflicting. (?Naturally there is no real conflict between a Jamahiriya and a republic). He who loses his progressive character will lose the battle and fall. Thus, we can undertake a unifying action that can absorb republics, Jamahiriya, Jamahiriya,

amirates and kingdoms. The king can remain king; republics can remain republics. Tunisia can remain Tunisia for as long as it wants with the present regime of its choice. But this should take place within the framework of unity, within the caravan of Arab unity. Libya remains with its Jamahiri regime [words indistinct].

I believe that if we understand this position and begin to work, we will overcome a huge political and even psychological obstacle to Arab unity. Such an obstacle has caused numerous problems. In our rush for Arab unity we see contradictions among the Arab countries. We collide with these contradictions in the form of revolution, or mutiny, or even plotting. But today we state that this nation is one and that it must safeguard its unity in order to form a respected and feared power using its own capabilities to defend itself. We want it to advance and overcome backwardness. The true nature of the Arab nation is sufficient to act as a factor of unity capable of absorbing all these contradictions. In time these contradictions will interact and perhaps disappear by peaceful conflict.

Destiny may decree that the Tunisians and Libyans will be the ones to build this new structure and to lay the cornerstones for this unified action. [Words indistinct] to the Tunisian and Libyan arena, this will constitutes the minimum limit of this great action that we totally adhere to, and our joint action will succeed.

I say to you that if we really want to avoid the problems that occurred as a result of our attempt and anxiousness to speed up the realization of Arab unity--if we want to avoid these problems at least in relations between the two Arab countries of Tunisia and Libya--then we must rise above contradictions and conflicts and build Arab unity. This is unity. If action is not based on unity, it becomes false action, and this leads to new grounds for conflict. However, if we believe that our work is serious and sincere, I believe we will avoid the numerous problems that used to occur. But what is this Arab unity to which we should (?aspire)? According to this unity the Arabs should meet and solve their own problems and exploit their potential. Once Tunisian and Libyan economic and social problems are solved by joint action there will be Arab unity.

At your meeting here there is really no great difference between a Libyan and a Tunisian. If there is some lack of harmony between you at this very moment, this is no more than occurs between a group of Libyans from one town and a group from another town. Libya abounds with great economic potential despite the situation resulting from the drop in oil prices. Oil still constitutes a sea under the feet of the Libyans. Our oil was not squandered cheaply as some countries have done and has not been exhausted without realizing the value of the national wealth. It has been served and we now possess a deposit of oil and gas.

Other than oil, there are minerals that have not yet been exploited. Efforts should have been exerted for the exploration of iron, gold, uranium, magnesium, and other minerals. These wealths are still there and we have begun work on discovering them.

The Libyan population is small; it is increasing quickly but is still small. The area is very big; thus, there is no problem in Libya; on the contrary, the Libyan situation is very positive [words indistinct]. On the other hand, Tunisia is a country with a small area and a larger population in relation to area and in relation to the Libyan population. But Tunisia's limited capabilities, the inconformity between the size of the population and the area of land, led to the Tunisian becoming inventive: He was forced to utilize all his genius and capabilities in order to become inventive and [words indistinct].

The commodities that Libya directly needs exist in Tunisia and are manufactured by Tunisia. Thus, to us there is no difference between the Libyan and the Tunisian. Some of us studied in Tunisia, skilled technical workers who were made to train more than the Libyan whose circumstances did not force them to train and [words indistinct]. Thus, we complement each other [words indistinct]. We express optimism and hope in all available Tunisian and Libyan capabilities, which will create something useful if this work continues with sincerity, devotion and responsibility. It will create something useful to Tunisia and Libya and will be a good example to the Arab (?brothers) [words indistinct].

If you succeed by your joint action to emerge from the crisis of Arab unity which only used to be tackled with revolutions, we would be opening a new road and a new door to peaceful, unified action that would be agreed upon. All these facts must be devoted to bringing about Arab unity. We must trust ourselves and we must impose respect for the Arab nation on the world. We must prove that the Arab mentality is not subservient to the European mentality and that we need not wait for the United States, Europe or the European Common Market to solve our problems, for that would mean that we are slaves.

At least we drink tea together and show that we are brothers and that we are satisfied and assured and tomorrow, when the Libyan side goes to Tunisia, the same thing will happen. Indeed, there is in this a challenge to others and an expression of trust in [words indistinct] and your will is strong and is capable of challenging (?the other enemies). Indeed, my talk did not have a [word indistinct] and economic nature [words indistinct]. But my talk has taken another nature, it resembles a lecture [words indistinct]. I beseech God to grant us success. Thank you. [applause]

CSO: 4500/244

## BRIEFS

OIL STRATEGY REVIEWED--Libya is pressing Italy to increase its purchases of oil as a prelude to payment of debts owed to more than 100 Italian companies. These debts are estimated to run at between \$700 million and \$1 billion and a spokesman for the Italian Foreign Ministry confirmed last week that Maurizio Bucci, the ministry's Director for Economic Affairs, led a delegation to Tripoli at the beginning of June to discuss the problem. In addition to higher sales, the Libyans are also seeking better prices for their oil exports to Italy, according to the Italian daily IL CORRIERE DELLA SERA. The newspaper quoted the Libyan Secretary (Minister) for Heavy Industry as saying that Italy's gas deal with Algeria, in which Italy pays a "political" surcharge, meant that Libya ought to be able to expect equally favourable pricing for exports of crude oil to ENI, Italy's state-controlled hydrocarbons group. ENI's imports of Libyan oil in 1982 consisted of 45,000 b/d of equity crude and 100,000 b/d of other crude oil purchased at slightly less than prevailing official prices. At present, however, ENI's imports are reduced to the 45,000 b/d of equity crude, an executive of the company told this newsletter last week. The executive said ENI could not accept Libya's request for higher sales at better prices. Libya has often expressed its desire to return to the 620,000 b/d level of sales to Italy under the terms of a 15-year agreement negotiated in 1972. The ENI executive said the gas agreement with Algeria had left "a lot of bitterness" in both Italy and Algeria. "It is difficult to think that we would have a similar agreement with the Libyans in the present weak market and with their current prices," he said. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 27, 4 Jul 83 p 9]

CSO: 4500/240

FRENCH WEEKLY ON ISRAELI-PRC MILITARY COOPERATION

TA221401 Tel Aviv MA'ARTV in Hebrew 22 Jul 83 p 2

[Report from Paris by Tamar Golan]

[Text] Israel supplies China with Merkava tanks and Kfir planes. This was reported by the French weekly VSD [Vendredi, Samedi, Dimanche].

More than 100 Israeli experts, disguised as foreign commercial representatives, are now busy training Chinese crews and renovating Soviet arms in Beijing and other military centers. The weekly writes that there exists a "secret agreement for military cooperation between Israel and China."

The pro-Israeli weekly which is not known in Paris for its reliability, claims that the strong man in China, Deng Xiaoping, thought of the idea to purchase advanced military technology from Israel since the Western super-powers "fanatically refused to give the Chinese their military manufacturing secrets." The Israelis promised Deng the technological means by which China would be able to cheaply manufacture by itself sophisticated arms.

According to VSD, Israel would aid China in building a plant for manufacturing the Merkava tank, which is described as one of the best in the world. The Soviets themselves commissioned a secret team during the Lebanon war to get a Merkava tank in order to investigate its secrets. The Israelis do not hesitate to give China technology in the field of anti-tank missiles and sea-to-air missiles as well.

VSD reports that Israeli experts are also busy renovating the old Soviet arms supply. "China appreciates discreet aid," the weekly writes. "Deng even asked his Israeli allies why they are not asking for Chinese recognition of Israel and the establishment of diplomatic relations. Strangely enough the Israelis answered that this is not a problem. They have no demands and publishing their technological capabilities is enough for them."

The weekly writes that Israeli-Chinese cooperation is full of paradoxes. The greater part of the old Soviet arms which are renovated by Israel are transferred to Iraq.

The Israelis also supply arms to Iran--"To Iran and not to Khomeyni," VSD writes, quoting an Israeli source. The Israeli says that the "contacts with the leadership of the Iranian Army continue. Khomeyni will not live forever. We will not forsake the young officers in Iran since tomorrow they might be in power and will know where to find their true friends."

CSO: 4400/434

ISRAEL

BRIEFS

NEW INTERNATIONAL AIRPORT PLANS--[Report from Elat by Betzal'el Rubin]--The Transportation Ministry will begin building an international airport at 'En 'Evrona north of Elat in 2 years, namely at the end of the 1985/6 fiscal year. This was reported by Transportation Minister Hayim Corfu to MK Dr Mikha'el Zohar at the end of a Knesset plenary debate on the issue of the new hotel in Elat, "Adomit", which according to Civil Aviation Authority personnel might interfere with the landing of jet planes. [Excerpt] [TA241110 Tel Aviv 'AL HAMISHMAR in Hebrew 24 Jul 83 p 8]

CSO: 4400/434

LEBANON

RASHID KARAMI DISCUSSES OCCUPATION, OVER-ALL SITUATION

Tunis AL-MUSTAQBAL in Arabic 2 Jun 83 p 10

[Article: "Rashid Karami Evaluates the Situation in Lebanon after the Lebanese-Zionist Agreement; National Resistance to Occupation Is Only Alternative to Negotiations and Arrangements"]

[Text] The lack of unity among Arabs and their petty struggles are the causes of all these tragedies.

The fact that the United States does not recognize the PLO and the rights of Palestinians exposes its role and its bias for the enemy.

Lebanese national forces rejected the agreement that was imposed on Lebanon by U.S. imperialism and Zionism; this agreement is now known as Lebanon's Camp David. This rejection stems from the fact that Lebanese national forces are rejecting the Zionist occupation of Lebanon, the imposition of an accomplished fact on Lebanon, and the submission of Lebanon's government to the pressures applied by the Zionist enemy. These pressures enabled the enemy to gain concessions and privileges he was not able to impose on the people of Lebanon despite his military machinery which is supported by the United States.

An Arab newspaper, AL-MAWQIF AL-'ARABI questioned Mr Rashid Karami about this matter. Karami is one of Lebanon's most prominent leaders, having served as prime minister of Lebanon several times. Because of the importance of this interview we are bringing it to our readers.

Responding to a question about attempts by the enemy and his functionaries in Lebanon to set off the situation in Tripoli, Mr Rashid Karami said, "Tripoli is part of Lebanon, all of which is being targeted by a conspiracy which still exists. Therefore, what is happening here and what is happening there are inseparable. In fact, we all feel that these flare-ups are deliberate and planned so they can be used to serve the objectives laid out by the enemies who are always trying to achieve them. We still feel that partitioning Lebanon, the establishment of sectarian mini-states and settlement [of Palestinians in Lebanon] are threats that enemies are still trying to achieve. However, all the Lebanese reject [these ideas], and they support the course of the government in the light of principles it established in official positions and speeches that were made by his excellency, the president, the prime minister and the minister of foreign

affairs. These nationalistic, ideological positions manifest a concern for the safety of Lebanon, the unity of its citizens, its relations and its Arab role. These are the indisputable facts about which all the Lebanese agree. Therefore, we are confident that our course will ultimately achieve victory over the conspiracy."

Regarding the fact that the flare-up of the situation in Mount Lebanon occurred at the same time the U.S. agreement between Israel and Lebanon was reached--and Secretary of State Shultz had played a major part in achieving this agreement--Mr Karami said, "I spoke candidly about that. I said that this proposed agreement, regardless of its import and its contents, is a trick whose purpose is to show Israel, the occupier and the aggressor, as a country that is hoping for peace and striving for it.

"The whitewashing of Israel's record in the region and abroad is very important to Israel, particularly in the aftermath of the massacres and the Fascist and Nazi practices it committed. Israel also wants to get rid of all reasons for suspicion surrounding its relationship with the United States. That is, if there are really any reasons for suspicion!

"It turned out that Mr Shultz did not wait long before lifting the ban on the sale of F-16's to Israel and also on the sale of advanced scientific machinery. Shultz also invited Begin to visit the United States.

"Furthermore, we heard about studies whose aim is to strengthen and reinforce the existing strategic agreement between the United States and Israel. And all this is happening without there being any actual guarantees that the proposed agreement will be adhered to and carried out, if an agreement is reached.

"We heard Shamir and Arens indicate that Israel would never withdraw unless the Palestinians and the Syrians withdraw too. Also their agreement in principle was accompanied by a request for clarification. When one finds out what these clarifications are, it becomes evident that they are proposing again matters that Lebanon had previously rejected. This constitutes starting the negotiations all over again.

"Thus it becomes evident that Israel is playing games. Israel wants--and the Israelis themselves admit that--to effect a partial withdrawal in Lebanon so it could continue to control an area it determined a security zone: 50 kilometers in the south. This confirms the fact that Israel is still determined to achieve its goals and its plan. On the other hand, I believe the United States has begun to change its positions toward Lebanon under the influence of the Soviet position supporting Syria. The Soviets are declaring their support for Syria. But not only are the Soviets declaring their support for Syria, they are also sending Syria weapons and experts on the basis of the existing Cooperation Agreement between them and Syria. It seems that the Soviets are prepared to meet all their obligations in this agreement. This, of course, is to offset the United States' policy whose aim is to have sole control in the area and to be the only power proposing a solution. In this the United States is like a jealous and envious second wife. And we are paying the price for that in our stability, our peace, our rights and our sovereignty.

"Hasn't the time come for the United States to realize that it cannot unilaterally impose a solution? What is the objection to and what harm can come out of an international conference in which all the powers concerned would meet to achieve a just and comprehensive solution?

"The worst thing about the U.S. position is its failure to recognize the Palestinians as a nation, its failure to recognize the PLO and its failure to recognize the Palestinian people who have national legitimate rights that have been recognized by the whole world. The United States' position in this respect reveals its role and its absolute bias for the Israeli enemy."

In his discussion Mr Rashid Karami touched upon the objectives of the Zionist enemy in signing this separate agreement with Lebanon after signing the separate Camp David Accords with Egypt. Mr Karami talked about the dangers these agreements pose to the Palestinian question and to the Arab question as a whole.

"When Israel's ministers say that this agreement does not achieve everything that Israel wants but that it does realize some gains for Israel, that constitutes an admission that something in the agreement affects the sovereignty of Lebanon. To say the least, Lebanon's sovereignty is affected by security measures which allow for the presence of some military men and some observers on our land. Besides, our freedom to act on our own land is being curbed. Also emphasis is being placed on the promise made in the agreement to hold talks in 6 months on the normalization of relations.

"But we all know about the enemy's persistent methods, particularly when he has a recognized and an approved document in hand. The enemy uses these methods in order to reach ultimately [certain] economic arrangements. We realize beforehand the dangers these methods pose to us, and we have sensed many of them in these months that transpired since the occupation. Israeli goods began pouring into our markets quite noticeably. Therefore, what we fear most from this agreement, from approving and accepting this situation is that as time goes by the Palestinian presence in Lebanon will become permanent. And this constitutes a threat not only to Lebanon, but also to the entire Palestinian-Arab cause as a whole.

"Besides, if these historical and <sup>\*</sup>crucial disputes in the area do not come to an end, Arab countries may not [sic] sign separate agreements with the enemy. This is what the enemy has always been seeking. Accordingly, Israel has been insisting that Lebanon become the second country after Egypt to sign an agreement with it. The dangers of that on the area as a whole are momentous. Therefore, on the basis of our national responsibility, we must realize all this, and we must take it into account. We admit that this is a poor period in the history of the Arabs because their lack of unity and their petty disputes are causing all these tragedies which are reflected on our situation as a whole. Accordingly, we must begin by restoring Arab solidarity, and we must design a common strategy to face these dangers."

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\* Translator's note: The negative particle is probably a misprint in the Arabic text, and the sentence should read as follows: "Besides, if these historical and crucial disputes in the area do not come to an end, Arab countries may sign separate agreements with the enemy."

About the need to go back and link the question of Lebanon and the solutions to that question with the question of the region and the choices of war and peace, Mr Karami added, "This has been my opinion from the outset. The biggest proof for this lies in the fact that conditions set by Israel in that agreement provided that the Syrians and Palestinians were to withdraw. This is the link [between the two questions]. There are also conditions in the Reagan plan that link secondary issues [with the main one]. When King Husayn was asked to play the role that he was being asked to play, this was made contingent on Israel's withdrawal from Lebanon and on stopping the building of settlements on the West Bank. And this is a link. Even when Shultz came [to the region] to consider a proposed solution for Lebanon, he considered that a preface to a revival of the Reagan plan. And this is a link. How can one separate Lebanon from its environment? Aren't the Palestinian question and the Arab-Zionist struggle the causes of what happened in Lebanon?"

Mr Rashid Karami talked about the Lebanese national resistance to the Zionist occupation and its effect on the proposed agreement and on the enemy's policy toward Lebanon.

Mr Karami said, "This bears true witness to the noble origins of these people, to the sense they have of the dignity of their homeland and to their insistence on their freedom. The national resistance is a practical demonstration of the struggle for values, the struggle for what is right and for one's future. There is no doubt that national resistance is the only alternative to all the negotiations and investigations, arrangements and expediencies that are going on in Lebanon. National resistance is the only way to make the enemy ultimately realize that his occupation of Lebanon is costly. We pray God that these shifting sands become the setting for the demise of this enemy's arrogance and of his policy which is based on racism and aggression. Ultimately, Lebanon will not be alone in this heroic battle."

8592  
CSO: 4404/444

LEBANON

WAYS FOR DEALING WITH POTENTIAL SYRIAN LAND BLOCKADE OUTLINED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 319, 13-19 Jun 83 pp 38-39

[Article by 'Ali Yusuf: "What Would Happen if Syria Were To Close Its Borders with Lebanon? A Sea Route between Beirut and al-'Aqabah To Ship Lebanese Products Inland"]

[Text] The National Council on Foreign Economic Relations is still preoccupied with the question of exporting Lebanese products and particularly the possibility of shipping these products to the markets that imported them if Syria takes any measures to impose a blockade, close its borders or at least become more strict about allowing transit Lebanese goods to pass through its territory.

Although the impact of that subject has been somewhat alleviated because Syrian authorities postponed carrying out their threat to scuttle the agreement between Lebanon and Israel, the possibility still exists that this subject may come up once again to the forefront.

To prepare for any possible contingency the council is considering the possibility of coordinating [efforts] with Jordan to start an Arab line between the port of Beirut and the port of al-'Aqabah in Jordan to facilitate the shipping of Lebanese products by sea to the various importing countries.

The study is now being focused on several points, the most prominent of which are [the following]:

1. Designating a special pier in the port of Beirut for shipping Lebanese goods to the port of al-'Aqabah in Jordan.
2. Exempting these goods from payment of various port fees.
3. Announcing competitive bidding for all Lebanese and foreign shipowners to determine the ships that can operate on this line and achieve the lowest possible shipping costs.
4. Coordinating [efforts] with Jordan to have Jordan designate a special pier for Lebanese products that will be exported and to exempt these products clearly from all the different fees.

5. Determining the difference in costs between shipping Lebanese goods by land via Syria and shipping them by sea via the port of al-'Aqabah so that the National Council on Foreign Economic Relations can subsidize the sea shipping route and maintain the same costs for shipping on land.

A sea shipping organization conducted a preliminary study of this subject for the National Council on Foreign Economic Relations in preparation for looking into that matter at a subsequent date if it becomes evident that such a step can be resorted to.

Although some people may have a positive view of these efforts, manufacturers still have reservations about that entire course, because taking that step is thought to be full of danger and its effects are not guaranteed. Lebanese manufacturers prefer that efforts be made with Syria so Syria would not take any step.

Furthermore, the numerous transactions that may be required in shipping by sea and Lebanon's as well as Jordan's well-known administrative red tape may place additional burdens on exporters.

It seems that manufacturers need to coordinate their efforts in earnest with the National Council on Foreign Economic Relations. So far, they still fear that action taken by this council, if it is taken without such coordination, may have negative consequences that will affect the continued operations of the industrial sector.

Manufacturers think that they ought to be represented on the National Council on Foreign Economic Relations, at least in an advisory capacity. "This is because marketing plans may look good on paper, even after preliminary contacts have been made. However, the manufacturers themselves know the day-to-day operations of the market." They are the ones who take part and are taking part in Arab, regional and international fairs, and they know in practical terms the ability of Lebanese products to break into the different markets.

Manufacturers expect the search for new markets for Lebanese products will subside, and the effort to develop Lebanon's economic relations with Arab countries, particularly those countries that import from Lebanon--chiefly Saudi Arabia, Iraq and Syria--will be resumed. In addition, the possibility of increasing the socialist countries' imports from Lebanon is to be looked into, and the principle of treatment in kind is to be applied to achieve balance in the commercial exchange between these countries and Lebanon.

8592  
CSO: 4404/444

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

PRICE SUPPORTS--The amount of assistance the government will provide to the budget of the price stabilization fund to help to maintain price stability for such essential items as rice, grain, sugar, clarified butter, oil and other items is increasing. This will also offset the cost of transporting them to the various parts of the republic so they can be sold at a uniform price. The prices of petroleum derivatives and electricity will also be supported. In this connection, at its meeting on 19 April 1983 the cabinet approved the price stabilization fund's 1983 budget, estimated at 29,515,000 dinars. The cabinet also approved a measure which allocates 10 percent of the housing currently under construction for citizens who are not employed in government bureaus. It should be noted that the cost of the import program for the current year amounts to 314 million dinars. [Text] [Aden AL-MASAR in Arabic 1 May 83 p 5] 9123

FISH EXPORTS--Fish exports rose in 1982 to 3,539 tons, 1,042 tons more than the previous year. This increased revenues from this source to 677,000 dinars. An official source in the Yemen Fishing Organization told AL-MASAR that the fish, which were exported to Japan, Singapore and France, include deep sea (sharukh), shrimp and squid. The source said that the price for the first variety was 2,700 dinars a ton, while the price of squid was 921 dinars a ton. He noted that the organization was exporting (al-kamal) fish to Singapore at \$350 a ton. He added that the organization's fleet, which consists of 8 boats, each with a capacity of 1,000 tons, operates in an area from the coast of Aden in the west to the governorate of al-Mahrah in the east. [Text] [Aden AL-MASAR in Arabic 1 May 83 p 5] 9123

HADRAMAWT WATER PROJECTS--The State Water Company office in the governorate of Hadramawt achieved 100 percent of its production quotas for the first part of 1983 in the following areas: well maintenance; installing a water system with a pumping station in Talh; completion of the installation of certain equipment; repairing various sewers in residential neighborhoods; repairing generators. In a statement to the Aden News Agency the director of the projects in the Water Bureau in the governorate spoke about the construction of the State Water Company branch office in the governorate. The cost of this work is 122,526 dinars and is being done by an Austrian. It is building iron houses and a reservoir for the water company at a cost of 39,895 dinars. Studies are also being carried out to locate surface sources for the al-Mukalla water project which is being implemented by a French

company, al-Maqraba, and which is being financed by the Agency for International Development, at a cost of 1.78 million dinars. Both of these projects attained 100 percent of their implementation quota during the first part of the third year of the second 5-year plan. The director of projects noted that the company's local branch had been digging four experimental cylindrical wells, and had been improving and expanding the water system in the districts of al-Baqarayn and Bubash. A surface pump was installed to raise the water pressure in elevated areas, and three wells were dug in Wadi Yush as part of the plan for the first part of the year. This was one well more than was planned for. [Text] [Aden 14 UKTUBUR in Arabic 8 May 83 p 2] 9123

**ADEN WATER, OTHER PROJECTS**--The State Water Agency achieved 84 percent of its scheduled accomplishments for the Aden water development project during the first part of this year. In other words, 11,181 meters of the annual plan was installed. In a talk with the Aden News Agency an official source in the State Water Agency said that this high rate of completion was the result of commitments by the agency's workers to complete the plan ahead of schedule. The source added that workers involved in sales and providing services to commercial and residential customers and to certain development projects had achieved 178 percent of their scheduled accomplishments. He explained that during the past year renovation and maintenance operations were carried out on 86 percent of the length of the installation. He said that the total budget for the agency's projects in all parts of the republic during this year amounts to 9,262,000 dinars, of which 654,000 dinars are for the Aden Development Project, while the funds for the greater Aden water construction project amounted to 4,783,000 dinars. It should be noted that studies for the greater Aden water project began in 1978, and actual implementation of this project, which will cost \$39 million, began last year. It will be completed in two phases. The first phase will be finished in 1990, and the second phase will be completed after the year 2000. [Text] [Aden 14 UKTUBAR in Arabic 9 May 83 p 2] 9123

**HADRAMAWT FISH MARKETING**--The National Fish Marketing Agency in the governorate of Hadramawt has achieved a 127 percent implementation rate in its first seasonal plan within the framework of the production competitions for 1983. This was in the area of receiving and distributing fresh and frozen fish. It received 563.5 tons, 120.9 tons above quota, and distributed 533.9 tons, 148.7 tons above quota. This was reported by Sa'id Mubarak Basmarrah, the agency's director in the governorate in a statement delivered to the Aden News Agency yesterday. He indicated that the agency had also distributed 239.1 tons of dried fish, while 147 tons of dried fish were imported to meet the needs of the local market. He stated that sales for the agency during the first part of the current year amounted to 283,637 dinars. [Text] [Aden 14 UKTUBAR in Arabic 10 May 83 p 2] 9123

**ABYAN AGRICULTURAL PRODUCTION**--The state farms and agricultural cooperatives in the governorate of Abyan performed favorably in meeting their project production quotas in the first part of 1983. Potato production amounted to 4,063 tons and 900 kg; mace: 38 tons and 382 kg; fruit: 179 tons and 82 kg; onions: 266 tons and 65 kg. In comparison, potato production for the first part of 1982 amounted to 2,297 tons and 841 kg; mace: 14 tons and 320 kg;

fruit: an increase of 69 tons; onions: 148 tons and 382 kg. This was reported by Abu Bakr al-Mu'allim, member of the council of the party organization, and director of the agricultural bureau in the governorate of Abyan, in a statement to the Aden News Agency. He said that the achievement of these production figures was made possible by the commitment made by the farmers and cooperators to achieve high levels of agricultural production to provide a stable supply of fruit and vegetables for the citizens. [Excerpt] [Aden 14 UKTUBAR in Arabic 12 May 83 p 2] 9123

CSO: 4404/413

AFGHANISTAN

ADEQUATE WATER SUPPLY PLANNED FOR KABUL

Kabul DEHQAN in Dari 4 Jul 83 p 6

[Text] The People's Democratic Party of Afghanistan and the government of the Democratic Republic of Afghanistan, after the victory of the glorious Sawr revolution, especially after its new phase, along with its other laudable and constructive goals, has taken into consideration the drinking water supply and canal construction.

In keeping with government instructions, the head of the water outreach and canal construction of the Ministry of Public Health prepared the master plan for water outreach and canal construction for the city of Kabul and undertook its implementation. In the first phase of the master plan, the water outreach project along the course of the Lowgar [River] and the Afshar water outreach project have been undertaken.

The course of the Lowgar [River], which has abundant underground water resources, makes up the water resources for this project and will have 10 deep wells with a capacity of 40 liters per second. In this project, tunnels of 800 cm in diameter were extended and a water pump station with a capacity of 6,400 cubic meters per day has been constructed. Work on the construction of the Seyyed Nar Mohammad Shah Mineh reservoir is 80 percent completed, with a capacity of 5,000 cubic meters, and the water transmission tunnels have been extended to Pol-e Mahmud Khan.

The water distribution networks of this project are in Shahr-e Kohneh, Vazir Akbar Khan and Sheshdarak. This project is 200 km long and in a 24 hour period, has a capacity to produce and distribute 35,000 cubic meters of water to be used by 270,000 people. The construction of this project has been carried out by Bana'i construction [company]. Construction work on the Afshar water outreach is carried out by an Afghan construction company and will also be completed by the end of the year. The water source for this project comes from six deep wells at Dorahi-ye Paghman with a capacity of 35 liters per second. The transmission tunnels of the Afshar water outreach project have

been 95 percent completed. The large water reservoir for this project, which is located next to the Intercontinental Hotel and has a capacity of 10,000 cubic meters, will be completed by the end of the year.

Construction of the Kheyr Khaneh reservoir on Badam Bagh [Hill], with a capacity of 5,000 cubic meters, and the transmission tunnels from the large reservoir to Sedarat intersection have also been carried out. Also, the controlling substation with its automatic meter is ready for operation. This project is 17 km long and in a 24-hour period, it is capable of producing and distributing 175,000 cubic meters of water, to be used by 130,000 people. This project was completed with a fund of 400 million afghanis from the government budget.

The transmission tunnels of the project along the course of the Lowgar [River] and the Afshar project at the Sedarat intersection have been combined and with the increased power, water is being distributed in the old and new networks. Work on both projects is actively in progress and by the end of this year, they will be operational. With the operation of these two projects, the total amount of water to be distributed by the water outreach network of the city of Kabul will increase to 80,000 meters.

With the completion of these two projects, the previous water outreach networks will be strengthened and new networks will be constructed in Shahr-e Kohneh, Vazir Akbar Khan, Sheshdarak, Hasseh-ye Avval, Hasseh-ye Dovvom and a part of Hasseh-ye Sevvom of Kheyr Khaneh and drinking water will be distributed at these sites. It can be said with certainty that with the operation of the two water outreach projects along the course of the Lowgar [River] and the Afshar water outreach project, a large part of the needs of the citizens of Kabul with regard to drinking water will be met. With the operation of these projects, except for the tunnels for public sites and (Mazdham) Shahr and other tunnels in alleys and covered bazaars, the distribution water system for homes will be undertaken.

It should be mentioned that work on the first phase of the water outreach master plan for the city of Kabul, which was described above, has been partially completed and by the end of the current year, this project will be operational.

The second phase of the master plan for water outreach for the city of Kabul, which will begin after the completion of the first phase, includes the following facilities and equipment:

In this phase, the digging and equipping of 10 deep wells with the capacity of 40 liters of water per second each have been taken into consideration. Two reservoirs on the Tappeh-ye Bibi Mehr, with a capacity of 10,000 cubic meters per day and 30

meters of pressure, have been prepared and the transmission tunnels will be extended.

With the construction equipment of the above-mentioned buildings and networks, new water distribution networks in Qal'eh-ye Fathollah, Shahr-e No and new sites along the water's edge in Kuteh Sangi, (Deham Rang), Khoshhal Mineh, Karteh-ye Seh, Karteh-ye Chahar, the third project and Karteh-ye Parvaran will be operational.

In order to eliminate the waste water, a canal system is considered an absolute necessity. The canal system for eliminating the waste water will be provided in the second phase of the master plan for the water outreach of the city of Kabul. In order to construct the canal system, the head of water outreach and canal construction has first taken steps to establish a canal pipe production factory, for which a contract was signed with the friendly country of Romania. This project will be carried out at a cost of 250 million afghanis from the government budget and work on the construction of the factory will begin this year.

Also, the designs for the emergency canal project in Bibi Mehr and the emergency project of Shahrara are under the supervision of the experienced cadres of the head of water outreach and canal construction.

With the completion of phases one and two of the water outreach and canal construction master plan for the city of Kabul, which includes 41 deep wells for drinking water and extends the water outreach network to 580 km, 122,500 cubic meters of drinking water will be distributed daily among 1.1 million people of the city of Kabul and every fellow townsman will use 110 liters of piped water per day.

Information Branch, DEHQAN

10,000  
CSO: 4665/12

AFGHANISTAN

POWER PROJECTS UNDERWAY FOR VARIOUS AREAS

Kabul DEHQAN in Dari 4 Jul 83 p 4

[Article by Yasamin]

[Text] Electrical energy is one of the major necessities of life which makes possible the material and technical progress of the society. Our revolutionary government has extensive plans under end to make use of this energy for the fundamental development of the society.

The plan of the Ministry of Electrical Energy for the period 21 March 1983-20 March 1984 includes 25 projects, among them 17 transitional projects, 5 projects under construction and 3 new projects. These projects will be constructed with funds from the government developmental budget with the aid of the friendly country of the Soviet Union.

The work on the following transitional projects, which were left incomplete in the past years, has begun again:

The Hydroelectric Project of Bamian

This project has 3 turbines with a capacity of .75 megawatts each. Work on this project began during the period 21 March 1975-20 March 1976 and should be completed during the period 21 March 1985-20 March 1986.

Electricity Project of Feyzabad

This project has a capacity of 3.0085 megawatts of electricity. Work on this project began during the period 21 March 1976-20 March 1977 and the project will be completed and ready for operation in the spring of 1984.

### (Naghlu) and Jalalabad Project

The 110 volt line project of (Naghlu), Jalalabad, which for the most part benefit the agricultural farms of the Nangarhar Canal and related areas, is under way.

### Herat Diesel Electricity Project

The Herat diesel electricity project for lighting the city of Herat and operating the Herat textile [plant], with a capacity of three megawatts, is under way and should be completed by the end of the winter of 1984.

### Mazar-e Sharif Urban Network Project

The network to improve and expand the cities of Mazar-e Sharif and Balkh, with a capacity of 15.5 megawatts, will be completed by the end of this year.

The construction of the diesel electricity station for provincial capitals has been determined at a capacity of three megawatts. Presently, the Khowst, Gardez, (Kalat) and (Badgheys) stations are included in the plan.

### Qandahar Urban Network

This project, with a capacity of 30 megawatts, is under construction to improve the network of the city of Qandahar.

Work on the 220 kilovolt transmission line from the Soviet border to Kholm, Mazar-e Sharif, Pol-e Khomri and Kabul, with a capacity of 250 megawatts, has been undertaken to provide electricity especially for 'Eynak copper mine.

The fourth Kabul network, with a capacity of 155 megawatts, is being expanded and improved. The work on the diesel electricity station of the centers and provinces which began during the period 21 March 1979-20 March 1980, with a capacity of 17.6 megawatts, will be completed by March of 1985.

The project for the center for training technical personnel and use of the 220 kilovolt transmission line began during the period 21 March 1982-20 March 1983.

### Band-e (Salma) Hydroelectric Project

The Band-e (Salma) hydroelectric project over the Harirud River will be constructed to produce 45 megawatts of electricity and to irrigate 73,000 hectares of land.

### (Parchaveh Kajaki) Project

With the completion of the gate and the walls for this project, located in Helmand Province, the water reserve will increase from 1.7 billion cubic meters to 3 billion cubic meters. Not only will this project help irrigate 48,000 hectares of land, but, the hydroelectric power produced will reach 155 megawatts.

The thermo or gas turbine electricity next to the substation northwest of Kheyr Khaneh of (Mineh), with a capacity of 45,000 kilovolts, has been constructed for use in the city of Kabul and will be operational in the fall of the current year.

The construction of the project near the Karkar coal mine will be studied during the current year in an attempt to solve the electricity problem.

### Kajaki Electricity Development Project and the Extension of the Lines to Kabul

[This project has been undertaken] to produce more electricity in the Kajaki electrical plant and to bring sufficient electricity to Qandahar, Helmand and Kabul.

### (Varsaj) Project

[This project] will be constructed at the 35 km [mark] in upper (Farkhar) over the (Farkhar River). With the completion of this project, 45 megawatts of electricity will be produced, 4,050 hectares of new land irrigated and 35,930 hectares of land improved.

### New Projects

The diesel electricity [project], with a capacity of 4 megawatts, is under way in the provinces. The 110 kilowatt connecting line from the Soviet border to Qonduz, a length of 56 km, is being extended.

### New and Renewable Projects

Since the use of coal, lumber and water for the production of electricity is limited, the only source from which much energy can be produced is the sun. The possibility of making use of this source in various seasons in various areas of the country is favorable. With the help of the projected UN aid, study on such projects will begin this year.

10,000  
CSO: 4665/12

PRESS REPORTS PROBLEMS WITH FOREIGN EXCHANGE RESERVES

Statistics Given

Calcutta THE STATESMAN in English 26 May 83 p 1

[Text] New Delhi, May 25—India's foreign exchange reserves at the end of 1982-83 stood at Rs 4,566.44 crores, a drop of nearly Rs 255.6 crores over the previous year's despite drawings of Rs 1,892.81 crores from the International Monetary Fund's extended financing facility.

This shows an overall fall of Rs 2,148.47 crores in the reserves during the year if IMF borrowings are excluded, or an average monthly fall of Rs 179 crores.

At the end of 1981-82, the reserves stood at Rs 3,354.50 crores which included drawings of Rs 636.8 crores from the IMF, compared to Rs 4,547.7 crores at the end of 1980-81 (excluding drawings from the IMF under other arrangements) showing a fall of Rs 1,830 crores without taking IMF borrowings into account.

Thus, the average monthly fall in 1981-82 comes to Rs 183 crores. The position at end of the last financial year has thus improved to a negligible extent, suggesting that the foreign exchange crisis is very much present.

The present reserves, including IMF drawings, are worth just around four months of imports--a critical level that has persisted for the past two years.

The position at the end of 1982-83 has been reached after an anticipated improvement in the trade deficit of roughly Rs 200 crores (on the basis of provisional figures of the first 11 months of the financial year). This has thus hardly helped the balance of payments as the outgo of foreign exchange is considerably larger.

The reserves at the end of 1980-81--just before the three-year IMF loan of Rs 5,000 crores was taken--stood at Rs 5,163.7 crores and in the next year, they fell by Rs 616 crores or an average of a little more than Rs 51 crores a month. Since then, the average fall, if the IMF borrowings are not taken into account, has more than trebled.

The deterioration is due mostly to the fall in net aid and borrowings although foreign exchange earnings from "invisibles" including remittances from Indians abroad which helped the reserves to rise steeply until 1980-81, are thought to have dropped too. Figures for this head are not available.

The trade gap in the current year is expected to be narrower marginally, mainly because of the fall in oil prices, but this is unlikely to arrest the fast-deteriorating reserves position because of the worsening of the aid climate and the rise in repayments.

If all goes well, drawings from the IMF during the final year on extended financing facility should be around Rs 2,400 crores and help tide the country until the middle of 1984. After that, unless remedial measures are taken, the reserves position should deteriorate more swiftly.

By the end of April, 1983, the reserves had dropped further to Rs 4,231.95 crores, a fall of Rs 334.49 crores in just a month even after the reduction in OPEC crude prices. If this trend persists, the position can worsen soon.

#### Reserves May Run Out

Calcutta THE STATESMAN in English 29 May 83 p 7

[Article by Karan Sawhny]

[Text] New Delhi, May 28—Current trends in foreign trade, capital flows and debt servicing suggest that India will run out of foreign exchange in five years. This will occur at the time when our repayment obligations to the IMF and other creditors will be at a peak.

India's foreign exchange reserves at the end of 1982-83 suggest that the level of private remittances, which were at a peak in 1980-81, have been falling continuously and were down to about Rs 1,300 crores last year (net of remittances sent abroad).

They suggest that in addition to the IMF loan and other aid flows New Delhi has contracted debts at commercial rates of interest of at least Rs 1,200 crores during 1982-83. Notwithstanding the softening of crude oil prices and higher domestic petroleum production, the trade deficit is likely to be lower by only Rs 200 crores, down from Rs 5,600 crores in 1981-82.

#### Export Earnings

Though it is claimed that export earnings for 1982-83 will be RS 9,000 crores, most of the increase over 1981-82 will be on account of higher oil exports. Non-oil exports will register an increase of only about 5%. This increase has come about mainly because of the 5% devaluation of the rupee against the dollar during the past six months.

This disappointing performance is even more disturbing in the context of the level of subsidies given to the export sector. These are projected at Rs 650 crores in 1983-84, up from Rs 500 crores in 1981-82.

The increasing levels of subsidies indicate a further worsening of the terms on which we trade. Though in 1979 the sharpest deterioration in our terms of trade occurred their continuing deterioration bodes ill for our efforts to reduce trade deficits, especially in view of the stagnation since 1978 of the level of non-oil exports calculated in real terms.

It seems improbable that non-oil exports will rise by more than 12% a year over the next five years. Since imports will continue to rise by about 10% a year it is likely that the trade deficit will continue to average Rs 5,500 crores for the next five years.

Even this may be an under-estimate if the stagnation in domestic production of foodgrain and edible oils continues. If the pace of growth of the economy is to rise, large-scale imports of capital goods and technology will be necessary. It will not be possible to cut imports without crippling the growth effort.

Apart from the trade balance, the external payments position is affected by transactions in services like transport insurance, and private transfer, which mainly consists of remittances from abroad.

#### Net Receipts

The net receipts from services have been declining and will become negative by 1986-87. Our income from investments, has already declined because of the complete disappearance of our interest-earning foreign currency reserves.

About 80% of our present foreign currency reserves come from the IMF loan and are matched by IMF repurchase obligations. Interest outflow will expand, following the borrowing from the IMF and because there are higher interest rates even for concessional loans.

As a result, the deficit on investment incomes will increase from Rs 200 crores in 1982-83 to Rs 1,400 crores in 1987-88, taking into consideration the trade deficit, the net position on services and private transfer, it seems likely that the current account deficit will increase to about Rs 4,500 crores by 1987-88.

In the past the current account deficit was met partly from aid received from donor countries and the World Bank. This aid might gradually increase but not at a high rate. The expectation is that net aid (gross disbursements less repayments, including interest payments) will go up from Rs 1,200 crores in 1982-83 to Rs 1,700 crores in 1987-88. This will help bring down the overall deficit in our balance of payments, though the terms of new aid and other supplier credits is hardening.

### IMF Loan

The last instalment of the IMF loan will be made available in June 1984. From subsequent years IMF repayments will become due and will aggravate the overall deficit. Commercial borrowing abroad, exclusive of the IMF loan, was of the order of Rs 1,200 crores in 1981-82 and it is expected to increase in the following years to Rs 1,700 crores in 1987-88.

From these trends it seems that in 1987 our foreign currency reserves will become precariously low. If import growth is higher than 10% a year even higher commercial borrowing will be necessary. The fact is that with present trends in external/trade and other payments and receipts the country will face an extremely difficult position in 1987 and subsequent years. If growth in domestic petroleum does not increase at the ambitious rates now projected and there is another increase in OPEC prices, the situation will be worse.

This is, perhaps, the cause of the desperate attempt by the Finance Ministry to seek new sources of hard currency credits like the Asian Development Bank and non-residents. But these are temporary measures. New Delhi has yet to evolve a viable strategy to put our economic relationship with the rest of the world on a sound footing. If it does not do so soon, we are bound to drift sooner rather than later into the situation which now confronts some Latin American countries.

CSO: 4600/1234

## DETAILS ON CULTURAL PACT WITH USSR REPORTED

New Delhi PATRIOT in English 21 May 83 pp 1, 7

[Text]

Linkages between Indian and Soviet universities and other institutions of higher learning will be established under the new cultural exchange programme signed between the two countries in Moscow this week.

The 1983-84 programme also envisages development of co-operation in the co-publication of contemporary creative works.

The agreement was signed by Education and Culture Ministry Secretary Sarla Grewal on behalf of India and Mr A Kirichenko, head of the cultural relations department of the Soviet Foreign Ministry on 17 May in Moscow. The details of the new

exchange programme, the 16th in the series since 1960, were released in New Delhi on Friday.

The programme envisages establishment of bilateral contacts and exchanges between universities and other institutions. The programme also covers exchanges of professors, scholars, scientists and experts in different fields.

The programme envisages the meeting of the Indo-Soviet Commission on cooperation in the field of social sciences and holding seminars and symposia in this field. The programme of co-operation and assistance in development of teaching of Russian language and literature in various Indian universities and other

institutions will also be continued.

There is also a provision for sending Indian teachers and scholars to the USSR for teaching Hindi and other Indian languages.

The programme for adaptation of Soviet University level text-books to meet the requirements of Indian university curricula will be continued under the aegis of the Indian Soviet Text Book Board. Another important programme in the field of education is to continue the collaboration in the preparation and publication of bilingual conversational guides.

A new project included in the

programme envisages development of cooperation in the co-publication of contemporary creative works.

The programme also envisages exchange of delegations in the field of vocational education, adult education and other areas of school education. Under the programme the USSR will offer 70 scholarships for Indian students for post-graduate studies in the Soviet institutions.

Prominent among the exchanges in the field of art and culture during the programme period are the visit of the Bolshoi Ballet troupe, circus on stage, music and dance troupe of Azerbaijan, Leningrad big puppet theatre and visit to the USSR by a number of Indian dancers, puppets and other performing troupes.

An important exhibition of decorative art and jewellery from the world renowned hermitage museum in Leningrad would come to India in 1983 and an exhibition of Indian decorative art of 16th to 19th century from the collection of the National Museum and other Indian museums will be sent to the Soviet Union. In the field of radio, TV, cinema and press, extensive exchanges and collaborative programmes are envisaged, prominent among them being the exchange of an official delegation in the field of mass media, participation in each other's international film festivals.

## BRIEFS

ASSAM TASK FORCE--Gauhati, May 20--The Assam Government today constituted a task force comprising 4,000 men to ensure proper security to the life and property of the minorities in the State, reports PTI. For units of the force will provide special security at places of worship and markets. Besides, it would maintain a special vigil against any attempt to disrupt communication in Kamrup, Darrang, Lakhimpur and Nowgoing districts, an official press release said. Of the 4,000 men, 1,000 would be recruited from among ex-Army men and the rest from the different sections of the society, the release added. A Staff Reporter adds: The influx of Assam refugees into West Bengal continues without a break and the latest official figures have risen to over 28,500. This month alone, till Tuesday, the figure was 900. According to official sources on Friday, all efforts to send some of the refugees back to Assam, which were initiated some time ago, have failed. On May 10, the Principal Secretary to the Assam Government, who is also in charge of Rehabilitation visited the refugee camps and also met officials at Jalpaiguri. The two camps at Jalpaiguri are being expanded. The State Government has already spent over Rs 30 lakhs on the refugees. [Text] [Calcutta THE STATESMAN in English 21 May 83 p 7]

GROWTH IN EXPORTS--India has achieved the highest rate of growth in exports between April 1982 and February 1983 compared to the last five years, reports UNI. Commerce Minister Vishwanath Pratap Singh told newsmen on Monday that the rate of growth during the period was 18.5 percent. At the same time, the rate of growth of imports had been kept at the low figure of 8.4 per cent. The actual figures (rounded off to the nearest unit) of exports and imports during the period were as follows: exports: Rs 7,693 crores compared to Rs 6,491 crores during the corresponding period April 1981, to February 1982--Imports: Rs 12,908 crores compared to Rs 11,902 crores during April 1981 to February 1982. The trade deficit during the period was Rs 5215 crores while it was Rs 5411 crores for the corresponding period in the previous year. [Text] [New Delhi PATRIOT in English 24 May 83 p 5]

MOZAMBIQUE RAID CONDEMNED--New Delhi, May 24 (PTI): India today condemned the unlawful and wanton act of aggression by Youth Africa's racist rulers on Mozambique and said it smacked of Pretoria regime's sinister policy of destabilising the governments in frontline and other neighbouring states. The spokesman of the external affairs ministry said it was with profound shock and regret that the government of India had heard of the unprovoked attack on Mozambique by South African air force planes, resulting in several deaths and

injuries to innocent civilians. The air attack had already been condemned by Mr. P. V. Narasimha Rao, external affairs minister, in the security council. [Text] [Bombay THE TIMES OF INDIA in English 25 May 83 p 1]

INVITATION TO PRC--Mr Jyoti Basu has been invited to China by two Chinese acupuncturists, who called on him at Writers Building on Tuesday, reports UNI. The acupuncturists, Mr Liu Zhao You and Mr Yang Zou Ti, in Calcutta to train Indian physicians in the Chinese method of acupuncture treatment, paid a courtesy visit to the Chief Minister and inquired about his health. They invited him to China since he could not accompany the CPI(M) delegation to Beijing recently because of his illness. The acupuncturists presented packets of Chinese green tea to the Chief Minister. They were accompanied by Dr B. K. Basu, chairman of the Acupuncture Association of India. [Text] [Calcutta THE STATESMAN in English 25 May 83 p 3]

WORLD BANK, IDA LOANS--New Delhi, May 24--The World Bank will give a loan of \$250.7 millions (about Rs. 250 crores) for the expansion of India's power transmission facilities the total cost of which is around Rs. 617 crores. The International Development Association (IDA), the soft-lending affiliate of the World Bank, is giving a loan of \$147 millions (about Rs. 147 crores) for the third Calcutta Urban Development project the total estimated cost of which is around Rs. 300 crores. The World Bank loan is repayable in 20 years including a grace period of five years. It carries a rate of interest linked to the cost of the bank borrowings besides an annual commitment charge of 0.75 per cent on undisbursed balances and a front-end fee of 0.25 per cent on the amount of the loan. The IDA credit is for 50 years including a 10-year grace period. It does not carry any interest, but has an annual service charge of 0.5 per cent on the undisbursed balances of the credit and 0.75 per cent on the disbursed balances. [Excerpt] [Madras THE HINDU in English 25 May 83 p 9]

DELHI EEC OFFICE--New Delhi, May 25--The opening of an office in New Delhi by the commission of the European Economic Community indicates the importance the EEC attaches to its relations with India. The office will serve the whole of South Asia excluding Pakistan. The only other EEC offices in Asia are in Bangkok and Tokyo. Members of the EEC delegation in India will enjoy diplomatic status. India has a mission accredited to the EEC headquarters at Brussels for almost two decades. It is felt that the EEC office in New Delhi could help sort out problems that crop up regarding India's exports to its member nations. [Text] [Bombay THE TIMES OF INDIA in English 26 May 83 p 9]

CSO: 4600/1228

IRAN BLASTS U.S. POLITICAL STAND ON LAWSUIT

Tehran KAYHAN INTERNATIONAL in English 14 Jul 83 p 1

[Text]

**TEHRAN, July 13 (IRNA) —**  
The Islamic Republic of Iran Wednesday criticized the U.S. judicial system because of its rejection of Iran's 65 billion dollar claim against the former shah of Iran.

The International Legal Services Office of the Prime Ministry said in a statement printed in the Persian daily Kayhan that the Appeals Court of New York had not made its ruling on a legal but rather on a political basis.

It said when Iran's claim was first rejected by a New York court on grounds that the defunct shah had no financial and legal relations with the state of New York, the office presented full and complete translated documents in 20 file-holders to the appeals court for further consideration. It added that the documents were in relation to the shah's financial dealings with American banks, trusts, cartels and the state of New York.

The Prime Ministry statement said that the appeals court's decision judging usurpation as natural for a monarchy was not a legal ruling but a political declaration.

"(The appeals court) has overlooked all legal and moral principles and this disgraceful ruling is a dishonor for the New York courts and the American legal system," the statement said.

The statement also said that according to American law the appeals court was responsible for introducing an appropriate court that could take up Iran's case, since it had rejected the jurisdiction of the local state court. But the appeals court did not heed this point.

CSO: 4600/774

CLERGY TRY TO INDOCTRINATE IRAQI PRISONERS

Paris LE MATIN in French Jun 83 p 18

[Article by Marie-Claude Decamps: "The Mullahs Are Teaching Religion to the Iraqi Prisoners. The Result Is Not Long in Coming: Today the Prisoners Say 'We Want an Islamic Republic in Iraq'"]

[Text] Baghdad has repeated its threats to "reply with force" to Iranian bombardment of Iraqi border towns, while the UN mission studying civilian losses of the two belligerents is continuing its round of visits in Iraq. An Iraqi military spokesman said that Iran has stepped up its bombardment of civilian targets in border towns and that Iraq, "which has the means to bring the Iranian regime to reason, will be compelled to respond with force." In Iran, our special correspondent met with Iraqis: prisoners of war who had been subjected--according to a Red Cross report--to "ideological recruitment," and also with a religious leader, an opponent of Saddam Husayn, who said: In order to overthrow the Iraqi regime, "you must not neglect either propaganda or armed action."

Inaccessible in the distance, the Elbruz peaks are white with snow. Still unmarked by revolutionary graffiti stand the concrete arches of the Takhti stadium, the last Western whim of Empress Farah during the period of the oil boom, and a desperate copy of the big Munich stadium, costing five times as much. The opening event had brought King Pele and his Brazilian players to Teheran. Today, the only events held there are a few "friendly" matches of a very special kind: between Iraqi prisoners from the camps around the capital and those located here, at Takhti.

How many are there? "A military secret," said the very distinguished Colonel Radmehr ironically. He has had a 23-year career in the army, whether Islamic or imperial, and was assigned to guard the camp with his company. He admitted that "with 2,000 prisoners, this is nevertheless one of the smallest; certainly a model camp."

Then, we made the visit, which though predictable was no less surprising. A minimum of barbed wire, and in one corner laundry hanging on it, blue and brown underwear and pajamas--the prisoners' uniform, a great deal of coming and going, though unobtrusively organized by a very efficient staff. A young English-speaking lieutenant explained in a friendly manner: "The youngest prisoners are 17. The prisoners are divided into units of 250, under the command of an Iraqi, accompanied by one of our lower rank personnel."

#### Three Hours of Religious Training a Day

I met the "leader" of the prisoners, a young electrician, 28, rather anxious to get away. Why had he been chosen? "I was appointed." "No, you were elected," quietly replied the imposing officer wearing a mustache, who was in charge of the ideological and political section. The other agreed and disappeared.

In the higher, arched levels, which were doubtless refreshment booths, the concrete almost assumes a cathedral quality. Mess tins glittering like ciboriums at the foot of the beds (stacked two or three high) are no doubt awaiting celebration of the fraternal communion of the winners and losers. Nearby, in the old dressingroom, prisoners on their knees, arms extended or prostrate, pray in full undulations, under the vigilant eye of guards protected by a glass booth. Some prayers seem to lack fervor, but only the notice board, still displaying after 4 years the words "Welcome visitors," indulges in mockery.

No rebellion? "Rarely," replied the lieutenant. In such cases, the culprits are transferred to the nearby Ghasse Firouz military post, but in general "the prisoners have to undergo the same discipline as the soldiers."

What does this mean? The schedule posted on the wall is very explicit: five communal prayer periods per day and, in particular, 3 hours of religious and ideological courses given by teams of specialized mullahs.

The results seem conclusive in this favorably fertile soil. A hundred camp beds serve as a hospital for the wounded. Question: "What is the main thing you do not have?" The invariable reply: "An Islamic republic in Iraq." "No, you personally?" As though surprised to still exist as individuals, the stoic faces light up and the words burst out: "Children back in Baghdad, forced enlistment, crushed leg that can hopefully be healed, unexpected mail from the family (14 letters in a year and a half), and above all the waiting...." What else is there to say?

In his very functional office (neither slogans nor photographs), Colonel Radmehr went over the wall chart of the "captured": a green pin for 500 prisoners, blue pin for 10, etc. Since the little multicolored group representing the 800 "captures" in the Moharam operation in November 1982, the pins are clearly less frequent. The stall in the latest offensives is clearly represented there, without ambiguity, more convincing than all the official statements.

In this too-perfect camp, how could one fail to think immediately of the special appeal that the International Committee of the Red Cross issued the other week to the two belligerents? This was the third Red Cross appeal of this kind in the last 10 years. The Red Cross charges Iran with concealing some of the camps, since it has thus far been able to account for only 30,000 Iraqi prisoners, though there are estimated to be about 50,000. However, the most worrying aspect continues to be the uncontrollable ideological recruitment to which the prisoners are being subjected. The report concludes that this "constitutes a serious threat to their psychic integrity and moral dignity." Was there not reportedly a minor uprising specifically as a result of this 3 months ago at Parandak, near Qom? Incidents were also reported last year at Echmatieh and Bandar Aknzali on the Caspian.

At Echmatieh, that dusty old barracks in the heart of Teheran, the military merely shrugged their shoulders when these accusations were mentioned. For every reply, they produced documents in which several score of Iraqi soldiers requested the right to go and fight against Saddam Husayn. At the bottom of each petition a mark made with their own blood served as signature. During the visit to the camp--a brief one, prisoners well supplied with new portraits of Imam Khomeyni and Hodjatoleslam Hakim, the spiritual leader of the Shiite community who has been in refuge for 3 years in Teheran, chanted in English "Death to Saddam" from behind a strong fence of barbed wire.

One is confused by so much spontaneity, even though it seems more and more evident that, in face of the slowing down of its troops on the front and the failure of Khomeyni's call in July for an uprising of the Iraqi people, Iran has decided to bet everything on the Iraqi opposition operating from Iranian territory. Was it not the "Iraqi Mojahedin" established in Teheran who claimed credit for the April attacks in Baghdad?

However, exportation of the Islamic revolution is a matter of patience. The Imam's own son, Ahmad Khomeyni, has been particularly explicit in this regard: "The Iraqi population is composed of individuals with various ideas and preferences on which we must work hard to achieve the necessary harmonization for establishing the rule of Islam."

Also, the mysterious "Council of the Iraqi Islamic Revolution," of which Hakim is the spokesman, has been granted military training bases near the border. As for the manpower to fill them, the 150,000 Iraqi war refugees offer substantial potential. Finally, did not Hashemi Rafsanjani, president of the Iranian Parliament, himself refer specifically a few months ago to "voluntary participation by the prisoners in the opposition forces"?

#### Shiite Religious Leader Hodjatoleslam Rafsanjani Leads Struggle Against Iraqi Regime from Teheran

With his smooth face and well-trimmed beard, Hodjatoleslam Rafsanjani does not look to be in his forties. Even less does he show the years of imprisonment to which he received a life sentence for issuing the "call for an uprising" in his country in 1977. Is he a standard-bearer of the future? Teheran is betting on him, but a considerable part of the Iraqi opposition rejects him--including the

Iraqis in Syria, who keep their distance--such as the Al Dawa Islami movement, supported by Libya, which organized an attack on the Iraqi Embassy in Beirut 2 years ago.

At the beginning of the month, 60 religious Shiites of his own family were arrested in the holy town of Nadjaf in Iraq. However, as Hakim explained, receiving me in the maze of fortified streets of Teheran in which he is entrenched, "these acts show the weakness of a regime about to fall."

"When such governments feel cornered, they always tend to strike out, just as the Shah did here in his last days." To pursue the analogy: Did he feel himself to be in the same waiting position as Khomeyni at Neauphle-le-Chateau? Modesty or embarrassment? Hakim sidestepped the point: "At that time, Imam Khomeyni was determined to continue to the end. I have the same feeling."

How would he go about it? "We must neglect neither propaganda nor armed action." He was more discreet on the subjects of training and sending small groups of the Iraqi opposition to Baghdad, and on the composition of the Higher Council of the Iraqi Islamic Revolution, which he said was composed of "intellectuals and the doctors of faith."

In his view, the indoctrination denounced by the Red Cross was an "obvious lie," and the conditions for peace with Iran "could not come about without the fall of Saddam Husayn." Was he not seen, invited by the Imam, on the front line at the time of the launching of operation "Aurore" on the southern front? And afterward? Hakim evidently foresees the establishment of "an Islamic republic in Iraq." In regard to finding a leader, his answer is again unequivocally: "There is no nationalism for the followers of Islam. It would be quite possible to vote for a leader from a neighboring country...."

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CSO: 4619/75

CONDITION OF WOMEN IN POST-REVOLUTIONARY IRAN REPORTED

London AL-DUSTUR in Arabic No 289, 6 Jun 83 pp 16-17

Interview with Jaleh Farin by Dr 'Ali Nurizadeh in London; date not specified

Text When we in AL-DUSTUR were the only ones telling the facts about what is happening to women in Iran, our account was an account of documents, reports, and some contacts with women's groups belonging to the opposition. Today we have a new eyewitness, an Iranian girl who fled from Iran no more than two weeks ago. Her story and the facts and incidents she relates represent clearly the "tragedy" suffered by the girls and women of Iran under the rule of "Khomeyni's Islamic Republic." She is Jaleh Farin who joined the National Resistance Movement in London. Until the first week of last month she was a department administrator of the Iranian Airline in Tehran. Miss Farin is in her twenties. She graduated from the College of Administrative Sciences and is considered one of the educated Iranian women. She suffered from the barbarous actions that the regime has grown accustomed to commit against its citizens.

I began my conversation with her by asking: How did you manage to escape from Iran?

Farin: I learned from my contacts in the National Resistance Movement and from my relations with some of the women in the ranks that the authorities knew something about my activities and that my life was in danger. Consequently, I had no choice but to flee from the country. I didn't want to leave but I wasn't sure of my ability to resist if they arrested and tortured me. Frankly, and I want to be fair, I wasn't confident of my ability to withstand various kinds of torture, for example, rape, and I was afraid I would weaken and tell what I knew. This would have been enough to result in the arrest of hundreds of women who are resisting and fighting the regime in every way they can. That is why I decided to leave Iran.

AL-DUSTUR: I hope you will give us a detailed picture of what is being done to women and tell how they are coping with the Khomeyni regime.

Farin: What is happening to Iranian women is indeed the tragedy of the 20th century. Unfortunately, because the facts about the status of Iranian women have not circulated, no one knows the dimensions of the tragedy. Yesterday a

GUARDIAN reporter came to interview me. All that he knew about Iranian women was that Khomeyni forced them to wear a veil, etc., which represents only a small part of the black tragedy. If we want to get to know it, we must first give a picture of our Iranian society.

Iran by virtue of its history and inheritance was one of the civilized states that did not discriminate between men and women. How many women even inherited the throne and became queens? How many women gained fame in the sciences, arts, and literature? The Islamic faith grew because of the importance of women. Islam gave women a privileged place inside and outside the home.

Early in the 20th century Iranian women fought side by side with men in the "constitutional" revolution and when the country's oil was nationalized, When the revolution against the Shah occurred, the young Iranian women were perhaps more revolutionary than the men and they went out in the streets to cheer and shout and fight to win freedom of opinion and freedom of speech.

When Khomeyni came to power, none of us thought the man hated freedom so much or that he wanted to imprison women in chadors or veils. He looks upon women as servants in the morning and a means of satisfying men's sexual appetites at night. This is a barbaric view that did not exist (even) in pre-Islamic times. I am not forgetting that we objected only 3 months after Khomeyni came to power. When he said in one of his television speeches "Women must wear the veil" and an hour later Bani Sadr came to explain what Khomeyni said, we all listened in amazement to the words of Bani Sadr who studied in Paris. He said that European scientists discovered that the radiation from women's hair excite men's lust and that the Imam Khomeyni ordered the chador to be worn in order to protect us and the condition of our men.

We listened to Bani Sadr's words and within a few hours the streets were crowded with women protesting against the veil and against those ordering us to wear it.

Khomeyni forced us to withdraw our petition, but after the American hostage drama and the increase in strength of the guard and the extremists, the women did not dare to venture into the streets without a veil. The guards would strike them with knives and throw acid in their faces. With the beginning of the people's struggle against the regime, the women of Iran performed heroic roles in this struggle. One of them went to Khomeyni's house to blow it up, with the bomb hidden in the bandages of her son. Others threw a bomb at his bodyguards or shot at his mullah supporters.

The tragedy of the women and their grief increased sharply day after day and resistance grew at the same time. The authorities began to arrest hundreds of women, and more than 2000 young girls and women have been executed to date. Even pregnant women were not spared. But our struggle did not cease. Our rebellion will not stop until God grants us victory soon.

AL-DUSTUR: We heard that Iranian women are losing their jobs with the government by order of Khomeyni. We also heard that the women are confronting the regime with passive resistance, that is, they are not obeying Khomeyni's orders or doing what can be interpreted as the opposite of what Khomeyni orders.

Farin: When Mohammad 'Ali Raja'i, president of the republic after Bani Sadr's flight, ordered the ministries and government agencies to order women to retire or force them to resign, he defended its universal application on the grounds that Khomeyni said "When our men need the jobs now being held by women, we must send the women home and give their jobs to the men."

In point of fact, thousands of women did resign or were forced to work in the "kitchen."

But with God's help Raja'i died and because of the government's fear of the women's protests, it stopped driving women out of the government agencies. However, in recent months it again began to study the matter of women resigning from their jobs. Another example. Women cannot now try to obtain a driver's license. Iranian women are forbidden to engage in sports or to walk in the streets with men. If they appear without a chador, the guards will arrest them. Returning to the second part of your question: Since we cannot fight the regime with demonstrations, we have to try something else. Most of the women are now following Gandhi's method, that is, they are resisting passively. For example, when because of internal and external crises and the tense situation Khomeyni had to address the people and ask them to pardon the "sins" of the government, he attacked some of the pillars of his regime for their acts against the people and announced what he called a "war against corruption and torture and a ban on arresting people because of what they wear." We made use of Khomeyni's speech and gathered in the streets wearing our old clothes. The guards did not dare to interfere with us, but two weeks later when Khomeyni became aware of how much the people hated him, he ordered unveiled women to be arrested.

AL-DUSTUR: We sometimes hear about an increase in immorality and prostitution. What do you think are the causes?

Farin: Unfortunately, the governing mullahs are the source of the immorality. They promote it in our society in the name of Islam, but Islam is innocent. At the beginning of their rule they announced they were against adultery and prostitution. Although they closed the "fortress," the official place for engaging in prostitution, at the same time they approved of what Iranians call sigheh or temporary marriage. Relying on what Khomeyni wrote in his book "Explanation of Questions," a man can marry a woman for an hour or half an hour. This is official prostitution. They fancied that Khomeyni allows men to meet with women for half an hour, and after half an hour a woman will be able to go to another man for another half hour. Is there any difference between prostitution and sigheh according to Khomeyni?

Because of this crude practice and especially because of the war, the number of widows has increased. Official and unofficial adultery and prostitution, are 90 percent more prevalent today than in the past. In the past one could

tell who was or wasn't a prostitute, but now every woman wears a veil. Some sell their body because their husbands died in the war and in order to feed their children. Others sell their body because they have become immoral thanks to the ayatollahs.

You cannot imagine some of the things the "ayats" and noble hojjas do. For example, Rafsanjani, Ardabili, and Nateq-Nuri do not enter their bedrooms unless a new sigheh is waiting for them. Khomeyni allows men to marry 99 women in a sigheh or temporary marriage on one day. It's as though they are living in the time of harems.

AL-DUSTUR: What message do you have for Arab women?

Farin: I wish our Arab sisters would become aware of our tragedy because we need their support and help. I say to them: 'Do your duty toward your Muslim sisters in Iran. Tell our story to international human rights organizations and to women's organizations. Get in touch with your governments to protest against Khomeyni's government. Pray for our deliverance and pray for the thousands of Muslim women held in Khomeyni's jails and for the millions of men and women held in the big jail called Khomeyni's Iran.'

5214  
CSO: 4604/29

U.S., BRITAIN, PGCC CALLED 'OMAN'S GUARDIAN ANGELS'

Tehran TEHRAN TIMES in English 11 Jul 83 p 1

[Editorial: "The US, Britain & PGCC: Oman's Guardian Angels"]

[Text]

THE six-nation Persian Gulf Cooperation Council (comprising Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain, Oman and Qatar) is holding its first joint military manoeuvres in Oman. Special army units of the member-states forming the Persian Gulf version of the US Rapid Deployment Force, with which all of them are associated, are taking part in the exercises.

Since the setting up of the PGCC on May 25, 1981, its members have been gradually strengthening economic, defence, security and political ties. Inter - State economic cooperation is underpinned by loans from the Arab Fund for Economic and Social Development and other financial institutions. Ostensibly preparing against external threats, suddenly looming large after the Islamic Revolution in Iran, the PGCC is essentially a club of king, sultan and shaikhs working together for self-preservation and the protection of US interests. All the member - states with bilateral agreements or special relationship with Washington are engaged in forming a joint strategy in the Persian Gulf.

As the Omani Defence Minister, Fahd bin Taimour, declared on June 5, 1983, 'the army coordination committee is currently studying the establishment of a unified army base'. Their long-term aim is not only to provide military aid and to integrate the armed forces in the region but also to set up 'military industry'. According to the Defence Minister, the Persian Gulf States can achieve development and prosperity only through local military industry. As all these countries are run exclusively as royal family concerns, under constant internal threat, the demands of security and intelligence form the corner-stone of the PGCC's domestic policy. Oman, the eastern flank of the US defence strategy in the Arab heartland, is busy enmeshing itself with the US. Because of its strategic position in guarding the Straits of Hormuz, it is extracting handsome returns from the US. The Omani government is hopeful that Washington will spend US \$ 1.5 billion in military expenditure during the period it has access to all the Omani facilities.

As part of the 10-year access agreement signed in 1980, the US army corps engineers are supervising the modernization of land, sea and air facilities. Military airfields at Masirah, Thamrit and Seeb are expected to be partially completed by 1984, at a cost of US \$ 300 million. Masirah, which is in use by US naval aircraft, will have full storage and stockpiling facilities and runways good enough to take B-52 bombers. After completion, a hundred American technicians will remain on the base. Work is also in progress at the Omani naval base at Om al-Ghanam (potentially of great importance to Washington) and ports Qaboos and Raysout. Since the forging of US-Oman military links, Oman has taken part in 'Operation Bright Star' (in November 1981) with the US, and its other Moslem allies, Egypt, Sudan and Somalia. Although a small country with a population of only 890,000 and Armed Forces of 21,500 men, Sultan Qaboos bin Said has lumbered the State with a defence budget that is 37 percent of the national budget. It consumes almost half the oil revenue of 1,181 million riyals, the mainstay of its economy. Because of falling oil revenues, Oman has to seek a US \$ 300 million loan from a group of 41 international banks in June 1983.

Although Oman is now pledged to the US, it still has strong ties with Britain. For arms, training, and officers for its army, navy and airforce it depends on London. Without the hard core of British mercenary officers, the British-commanded Omani army could not have overcome the 11-year-old rebellion in the southern province of Dhofar.

The usual paraphernalia signalling a union of interests between Washington and its vassal have followed. In August last year, the Omani-American Joint Commission agreed to provide technical advisory services for fisheries development, and to finance agricultural projects. In May this year a seven-year scholarship and training program was drawn up. In addition to short training courses, more than 2,000 students will be sent to universities in the US for higher education. These agreements will no doubt prove to be useful to the Omanis, but they will also increase dependence on the US and create a permanent pool of American sympathizers with a vested interest in maintaining the STATUS QUO.

No external dangers have materialized. The Dhofar rebellion has been squashed. Some of the surviving rebels are imprisoned. With the US, Britain and the PGCC for its guardian angels, the sultanate of Oman is in good health... (MUSLIMEDIA)

CSO: 4600/773

## MUSAVI HITS PROFITEERS, HOARDERS, ADVOCATES BAZAAR PURGE

Tehran KAYHAN INTERNATIONAL in English 11 Jul 83 pp 1, 4

[Text]

TEHRAN, July 10 (Kayhan Int'l) — In an interview with the Central News Office, Prime Minister Mir Hussein Musavi made important remarks regarding the economic status of the country, the present state of distribution, relations between the government and the bazaar, and the government's policy on cooperatives.

Asked about the country's economic status in 1361 (last Iranian year) the Prime Minister responded: In spite of the continuation of the Iraqi imposed war and the relative existence of an economic blockade against Iran, positive changes are being made in the country. A look at statistics in the fields of agriculture, industry and oil production attests to this fact.

However, these statistics, he said, do not show at all the qualitative changes which have taken place in economic fields after the revolution.

At present, the production lines of industries have been drawn towards non-luxurious goods. In road construction priority is given to rural roads. In the generation of electricity, priority is given to the further expansion of electricity networks in villages and deprived areas.

Extensive efforts are under way in industries now in order to pass from assembly to manufacture.

In this period (post-revolution) we have not only not received fresh loans, but have repaid, for

the most part previous loans. The Islamic Republic now has a minimal foreign debt.

In order to understand the importance of the matter, it is enough to note the loans which the Iraqi regime has received or, for example, the foreign debt of Brazil which lately amounted to 104 billion dollars.

In the field of energy production and the setting up of fundamental installations, outstanding success has also been achieved in my opinion — especially if we consider that all these achievements have been made under conditions of war and very difficult international circumstances.

But other difficulties and shortcomings we suffer include inflation, heavy prices, a shortage of raw materials and spare parts needed by factories, insufficient road capacity, the shortcomings in tracking etc.

Although these issues are realities, still the extent of difficulties has not been comparable with the grandeur of successes.

We should know that our nation has made many transformations from government to social customs and dispositions. This is a revolution aimed at re-evaluating everything and putting everything in its proper place.

Once our country was under the feet of the U.S. Today the U.S.-den of spies is under the feet of our nation; and our people have levelled a great blow upon the U.S. in the region. Everyone

accepts that the Islamic Revolution of our people has become a model for the Muslim World and even the Christian World.

I have heard that in their anti-American demonstration in Greece, people shouted "The way is Tehran's way." This is nothing but divine grace bestowed upon our Muslim people due to their devotion and self-sacrifice.

I hope that through our nation's careful notice of these facts, the tarnished hands which hoard and profiteer in the society on the one hand — and who want to say that the revolution and the government have not done anything on the other — will be identified and repressed.

Questioned about the government's relations with the bazaar, Mr. Musavi remarked:

The government supports the revolutionary and Islamic bazaar and opposes hoarders and profiteers. We have always said this.

Regrettably, a few hoarders and profiteers attempt to project themselves as the representatives of the bazaar. When a person in the government or Majlis or Friday prayers attacks profiteering and hoarding, they raise a tumultuous cry and say, "the bazaar has been attacked!" Is the bazaar (merchant) who stood up against the despotic regime and who sends his sons to the war fronts now a profiteer and hoarder?

I think both the government authorities and the faithful and

committed bazaaris should be vigilant against this conspiracy and not allow economic terrorists and shady bands to speak on behalf of them. I can't forget that during the approval of the Constitution, the bazaar resisted side by side with all the forces following the Imam's line against the plots of sabotage being hatched by the liberals and Munafiqeen.

Is it to be imagined that the bazaar opposes execution of articles 44 and 49 of the Constitution? Can the bazaar, which has defended the country's independence and Islamic justice be opposed to the nationalization of foreign trade on the basis of religious standards?

Yes, there may be a few persons who oppose for the sake of mundane desires and interests. And it is these few who attempt to project themselves as the Muslim bazaar. The bazaar itself must not permit a stealthy band of opportunists and economic terrorists to infiltrate the bazaar and to speak on its behalf. There is a group which, due to political incentives, introduces itself as the guardian of the bazaar. They go here and there and say that the atmosphere of the bazaar is such and such. I ask, how is the bazaar's atmosphere — really?

We do not say that there aren't difficulties. But when the government employees work with their own cars to provide service to passengers and earn their living and still support the revolution; when the workers, because of their understanding of the country's problems, tolerate difficulties for independence, freedom, and honor is one to believe that the committed bazaaris, who are not under as much pressure as other strata, have turned their backs on the revolution as these counter-revolutionary bands say, simply because of shortage and a slow down in trade?

These are inevitable in a revolution and war?

Can the claim that the bazaaris have turned their back on the revolution because of economic issues be true, while they have shown their readiness under these conditions to spend a major part of their incomes for meeting the

expenses of the war and for strengthening the revolution?

This is why the bazaar itself should discern which persons endeavor to prevent the exposure of the evil faces of hoarders.

The government welcomes the assistance of all revolutionary guildsmen to expose these faces. The revolutionary forces following the Imam should try to separate the ranks of these economic terrorists from the ranks of the Islamic and revolutionary merchants.

Asked whether the government intends to support and reinforce the cooperatives or not, the prime minister said:

I have frequently announced the government's support for these useful and popular foundations.

Regrettably there are some hands at work to undermine these cooperatives. I attribute all attempts against the cooperatives, which are being made despite the emphasis in the Constitution on cooperatives, either to ignorance ill will, or disregard for the Constitution of the Islamic Republic.

Of course, the reasoning raised by some is that consumer cooperatives destroy traditional distribution. We should reply firstly that we believe in the interest of the Ummah and not of this or that system of distribution. Thus, we should use any system which is better and can better serve the people.

And secondly, if the growth of cooperatives is in line with the essence of the Constitution, basically it cannot prevent private sector activity. Have local consumer cooperative, which have been so surely sabotaged, destroyed the guilds thus far? We have hundreds of thousands of a variety of shops in Tehran which offer tens of thousands of products and goods to the people. Can it be imagined that three or four hundred local consumer cooperatives can take over all these services? Why should anyone be pessimistic against these foundations which have emanated from the midst of the oppressed people and which have been established by the people themselves.

These cooperatives are busy serving the people in various quarters with the ulema's support?

Heaven forbid! Are these cooperatives managed by foreigners, or counterrevolutionaries, or hoarders and profiteers? Has it been the case that these cooperatives cause interference in activities that corruption prevails in them, or that they cause difficulties in distribution? If, for example due to the multitude of these cooperatives a person gets goods from several of them — if such a difficulty exists — the solution is simple. The principle is that we should aim at solving these difficulties and not be intent on destroying cooperatives or denounce them under the pretext that they are not Islamic. Does a person whose interests have been endangered and is now opposed to the establishment of all the just Islamic laws of the Constitution know Islamic jurisprudence (Fegh) better or the likes of Martyr Beheshti and Martyr Sadighi? Are they more learned in Fegh than the Shi'i Feghi Ayatollah Montazeri? In my opinion, today is the day for clarifying the issues before the people — for affirming that the real believers whether in the private sector or the ulema or the government officials seek the crystallization of the Islamic ideals of the Constitution.

One thing that is very noteworthy regarding the opposition against consumer cooperatives the limits to be noted regarding the private sector are religious limits. We are sure that promotion of private sector activity, besides the governmental and cooperative sectors can contribute to the growth and fruition of our country's economy.

In addition private sector activity can have wide cultural and political effects. But it seems that a small group of narrow-minded persons regard the scope of the private sector's activity as limited to selling a few items of foodstuffs. They do not know that the future of the private sector is not limited to the sale of foodstuffs. Its future rather depends on the promotion of industries, increased production and consequently the promotion of their market. They

I think that when the government says the control or distribution of a few basic goods such as rice and wheat should be is that these cooperatives have been mentioned in the Constitution; and the task of their formation has been assigned to local councils; and the Council of the Guardians of the Constitution has not regarded the issue as opposing the religion. Nevertheless these gentlemen accept neither the order of the Majlis nor the order of the Council of Guardians. I don't say these cooperatives have no defect or that there are no cases of mismanagement in them. But if we judge fairly on the whole they must be considered one of the revolutionary foundations of our country. And for this reason, they are strongly supported by the oppressed people. And I know that the faithful and honest guildsmen are not feeling problems as a result of these cooperatives.

Questioned by reporters on the scope of private sector activity, Mr. Musavi said: In its hands, this means the destruction of the private sector. Meanwhile a few saboteurs and instigators seeking political ends, intensify this atmosphere. These individuals know better than anyone what it means that the government has given 3000 licences to people for the establishment of industries. Yet they attempt to hide this fact from the people. This very stealthy band has spread rumor in the bazaar that support for the cooperatives means the destruction of the private sector. I ask them if the government and the banks help a few young persons form a cooperative in Jazmuria, for example, and reclaim waste land, is this to strengthen the private sector or the public sector?

*(To Be Continued)*

CSO: 4600/775

JOMHURI-YE ESLAMI DISCUSSES NOJEH COUP PLOT

LD112151 Tehran IRNA in English 1939 GMT 11 Jul 83

[IRNA "Special Report"; all names in parentheses as received]

[Text] Tehran, 11 Jul (IRNA)--On the occasion of the third anniversary of the defeat of the Nojeh Coup plot, the daily JOMHURI-YE ESLAMI, carried an article entitled "Nojeh Coup Plot Foiled Miricale of the Revolution." Excerpts follow:

"Three years ago, a coup was discovered that if succeeded would have posed a serious threat to the Islamic Republic, from the political standpoint. After the catastrophic debacle in the Tabas Desert, the United States decided to try another time to bring to a halt the Islamic revolution, but this time, it failed again. Using its internal lackeys, the United States aimed at bringing about a coup by the military people who were still in the Armed Forces of Iran and outside, but due to the sacrifices of the IRGC [Islamic Revolution Guards Corps] and the dedicated military officers in the Air Force the coup was discovered and hence the Islamic Republic of Iran was saved again from another peril.

"Prior to the coup, the United States tried to prepare the bases for it, by making Iran look like isolated in the international scenes, strengthening the terrorist groups, creating an atmosphere of unrest, boosting the military strength of the reactionary countries of the region, such as Iraq, economic sanctions, military attacks, stirring up nationalistic tendencies, fomenting unrest, carnages in Gonabad, Kordestan, etc. [sentence as received]

"It is noteworthy that the U.S. imperialism used all its experiences in the two years with Iran for the Nojeh coup. After the Tabas debacle the United States was even more determined than ever before of taking revenge from Iran, and as some of the coup leaders admitted, one goal of the coup organisers was rescuing of the U.S. hostages in Iran, since Carter was in dire need for their release to be reelected.

"On domestic [word indistinct] the plotters used events such as destruction of foodstuffs, setting on fire the wheat crops, street clashes caused and instigated by the U.S.-backed MKO organization [Mojahed n-e Khalq] and demonstrations of hijab-less women (women who don't observe Islamic codes of proper dressing).

"On the other hand, groups who were collaborating with the plotters, had to lay bombs at various places in Tehran such as the Friday prayers mosque, crowded places, etc., by using the "Red Alert" sign of the plotters to prepare for the coup and frighten the people, while the Monafeqin Fedayeen and Peykar and similar groups formented street clashes among commoners.

#### How the Coup Was To Be Carried Out

"If succeeded, the plotters would have brought Bakhtiar four hours after the success of the coup to the Nojeh base from Iraq to act as the commander of the coup. After that, armed squadrons would have moved from the Nojeh base for the bombing of sensitive places in Iran. The plotters had hired and paid fugitive pilots for the operation and had paid them up to 500,000 tomans each for the mission.

"Places they were to bomb, were the residence of Iman Khomeni, the Prime Ministry office, the Feyziyeh school, and the Tehran University. Jamaran was to be bombed by cluster bombs, one of the plotters confessed, 15 planes were allocated for the bombing of the Jamaran area, in which imam was living, 5 for the Prime Ministry, 10 for the Feyziyeh school and the residence of Ayatollah Montazeri.

"Also, among the plans of the plotters was the bombardment of the innocent people of Iran at the Friday prayers by the wicked pilots at the Tabriz Air Base. The arms to be used by the plotters were brought in from Iraq, and the reason why Nojeh base was chosen was the fact that it was close to Iraq where the plotters were receiving their supplies.

#### Role of the Foreign Countries in the Plot

"Hardly a coup takes place in a country without the participation of another country in it, but what is most striking in the plot of the Nojeh base, is that all the superpowers, and all the western world and the reactionary countries had approved of it. According to (Nasser Rokni), one of the leaders of the coup they were sure that the Soviet Union would not oppose their moves, and that "foreign countries had assured them that they would help them if they needed any help."

"On the other hand, Egyptian regime and that of the Saudi Arabia, and Iraq were active in the plot, to the degree that some 70 F-5 fighters were delivered to an Iranian officer general (Amir Fazli) who is currently in Paris. [sentence as received] The planes were either camouflaged or painted as the planes of the Iranian Air Force. In addition to that, many tanks and two divisions were put by Iraq at the disposal of (Palizban) and (Shahdad), two fugitives officers while three military columns of the Iraqi Armed Forces were stationed in Iran-Iraq borders to attack the country after the start of the plot and the

Iraq-dependent counterrevolutionaries in Kordestan were ready and had augmented their activities. "According to the confessions of the plotters, they had received money from Saudi Arabia, and France, 10 million dollars and 2 million tomans respectively.

#### MKO, Fedayeen Agreement With the Coup Plotters

"According to one of the coup plotters General (Mohaqeqi), all the political groups in Iran had given their [word indistinct] to the plotters, including the National Front, the Pan Iranists, the Fedayeen and the Monafeqin. And also these latters had pledged their allegiance for the plot and promised that they would help it and they were assured of all cooperations of the coup government with them afterwards. [sentence as received].

According to (Rokni), some of the head of the Bakhtiari tribes had received money to foment unrest in their areas some ten days before the coup. They believed that if Tehran was taken other areas would not put up much resistance.

Hojjat ol-Eslam Akbar Hashemi Rafsanjani, the Majlis speaker said in this respect that he tried to persuade the Imam to leave his residence at the time when the plotters were to bomb that area, but Imam Khomeyni was so sure of the inability of the plotters to carry out anything that he refused to leave his residence.

The Majlis speaker quotes Imam as saying on this occasion that the coup could not possibly succeed because the people who were to carry it out had finally to come down from their planes and live among people. But the people, Imam had said, won't accept such people among themselves.

Finally, due to the cooperation of the dedicated personnel of the Armed Forces and the IRGC, the plotters were arrested and all their plans were foiled and stopped. As the holy Quran says, the unbelievers try to put out the light of God, through their blows, but God augments his light although the unbelievers dislike it."

CSO: 4600/758

IRAN

BRIEFS

REY-MASHHAD PIPELINE--Coinciding the happy 'Id al-Fitr festival, the 22-billion-rial Rey-Mashhad petroleum products pipeline was commissioned today in the presence of Mashhad's Friday Imam, the oil minister, and a group of responsible officials. With the commissioning of this project the needs for petroleum products in Khorasan, Mazandaran, and Semnan provinces will be met. The pipeline comprises 1100 km of main and branch pipes, 10 pumping stations, and terminal installations. According to this report, the commissioning of the Rey-Mashhad pipeline frees 1,100 road tankers and 20 railway tankers, which daily carried fuel materials to Khorasan, Mazandaran, and Semnan provinces, for other purposes. [Text] [Tehran Domestic Service in Persian 1630 GMT 12 Jul 83 LD]

NEW ESFAHAN AIRPORT--Esfahan, 12 Jul (IRNA)--Esfahan's international airport capable of handling one landing or departing flight every two minutes, was inaugurated Tuesday in the presence of Road and Transport Minister Mohammad Hadinejad-Hoseyniyan on the occasion of 'id al-Fitr. In a ceremony attended by local officials and Majlis deputies, an inauguration flight departed for Tehran and Mashhad, in northeastern Iran. Construction of the airport located 30 kms northeast of the city, began 10 years ago and final construction stages began last year with a budget of 200 million rials (dollars 2.35 million). The airport, which is yet to be fully completed, is the largest in the country and has a westward and eastward runway. The airport will be operating for the transfer of 10,000 pilgrims to Mecca for participation in this year's hajj ceremonies. [Text] [Tehran IRNA in English 1627 GMT in English 1627 GMT 12 Jul 83 GF]

CSO: 4600/760

FAMINE CONDITIONS REPORTED; MASS DEATHS FEARED

Kathmandu THE MOTHERLAND in English 30 Jun 83 pp 1,4

[Text] People in far-western Nepal are compelled to opt for suicide or "famine-generated euthanasia" because of complete non-availability of food--grains and other edibles for days together.

Realistic information to this effect has been voiced by the RP members who represent the region at the House and to the press on different occasions, but their words have been no more than crying in the wilderness.

Minister in charge of supply of foodgrains to various parts of the country is interested more in awarding silences to the people's representatives in the House and saving his own face than in seeing that the actual distribution process of the foodgrains is capable of percolating the doled-out food down to the needy and the hungry.

People of other districts not facing as acute famine-situation as in the far-western Nepal wonder where the wheat, rice, maize and flour amounting to fifth thousand metric tonnes that came here as aid or loan from friendly countries have been sold or distributed. Their complaint is--the foodgrains have not reached the proper destination and doubt that corrupt practices might have diverted them to other places for high profit.

Nepal that is normally a food surplus country with production exceeding 2,409.3 thousand metric tonnes per annum had to import foodgrains since last year when the monsoon failed to meet the country's annual requirements standing at over 2,060 thousand metric tonnes.

A number of friendly countries such as Pakistan, China, Japan, the European Economic Community, Burma, India, France, the World Food programme, Switzerland, Thailand, Indonesia, Saudi Arabia, Austria, the Federal Republic of Germany, Italy, Belgium and some others pledged foodgrains worth 89,653 metric tonnes as aid to Nepal for meeting the deficit. The amount also includes the food grains-loan from India and the purchase from Burma.

According to one source, of the total pledge by donors, Nepal has so far received all but one small portion of 38,968.35 metric tonnes of food grains.

Maldistribution of the food grains in the country and the heated exchange of views on it in the House deliberations have put the Government specially the Premier and the Supplies Minister in an awkward position.

But they appear reluctant to change their strategy of feeding the vocal sections well and neglecting those who remain far from the capital and other 28 town panchayats and are unable to protest.

The food-situation in the far western Nepal that is geographically outside the roadnetwork of the nation will worsen in the future when the monsoon will make it not easily accessible even by aeroplanes and choppers.

CSO: 4600/754

## EFFORTS TO TAP METHANE POTENTIAL UNDERWAY

Kathmandu THE RISING NEPAL in English 26 Jun 83 p 1

[Excerpt]

A highly inflammable gas has been found dissolved in the ground water of Kathmandu Valley. This is Methane (also known scientifically as CH<sub>4</sub>) which is dissolved in 1:3 proportion in the ground water of Kathmandu. Although a distant possibility, Methane can be become a reliable alternative to the conventional fuel wood or other sources of energy imported from abroad. A total of 4.2 million cubic metres of this alkane series of hydrocarbons is reported to be lying dissolved in about 12 million kilolitres of water within four square kilometre area in Tripureswor and Teku.

The Department of Mines and Geology has constructed a model plant to study the consistency and economic potentiality of the natural gas deposit.

The Department has sunk three wells one each at Tripureswor, Teku hospital and near the Bishnumati river in Teku. Each

of the three wells is 300 metres deep.

Fifteen hundred cubic Metres of Methane can be pumped out of the three wells.

A gas holder with the capacity of 500 cubic metres has also been installed in the premises of Teku hospital and natural gas distributed from it on trial basis.

Should the performance of this model plant prove to be satisfactory, the department will consider whether to begin a commercial production of Methane or not, the Director General of the Department of Mines and Geology Mr. M.N. Rana said.

At present, Methane gas is being supplied to the Teku hospital, ceramic, paper, carpentry and ready made garment section of the Department of Cottage and Village Industry in Tripureswor, laboratories at the veterinary and Teku hospitals, Industry Ministry

and the Central Telegraph Office.

A show room has also been opened in Tripureswar to demonstrate to the public the use of different gas appliances.

The work was done with the assistance and cooperation of Japan International Cooperation Agency (JICA) who provided the equipment required for the project and expert services and training of Nepalese technicians.

The gas is collected at a gas holder of the model plant. Since the capacity of gas holder is only 500 cubic metres only one of the three wells is in operation.

The main objective of the model plant is to observe the consistency in terms of the quality and production of the gas before going into commercial production, Department sources said.

CSO: 4600/754

RURAL DEVELOPMENT PROGRAM LAUNCHED

Kathmandu THE RISING NEPAL in English 26 Jun 83 p 1

[Text] A programme called education for rural development has been launched in order to make adult education in Nepal geared to rural development instead of limiting it to only to general reading, writing and arithmetic.

The education and culture ministry has initiated the programme within the ambit of the Seti project with the assistance of UNDP, UNESCO and UNICEF.

Under the programme foodgrain cultivation, horticulture, afforestation, livestock raising and lavatory construction will be taught to the adults in the rural

areas of the country.

All the adults included in the programme will have to plant at least two to four trees or fruit saplings in their compound, build a lavatory or dig a compost pit and maintain hygienic conditions.

Under the programme the teachers will be given renumeration on the basis of the number of lessons they have taught.

However, a provision has also been made to provide the salary to the teachers only after the inspectors verify that the adult students have understood what has been taught.

Arrangements have also been made to ensure that each teacher instructs a group of thirty to forty adults for three to four hours in the evenings for a period of three to four months.

Likewise, the inspectors have been instructed to remain in the concerned places for twenty-five days from the middle of the month in order to check the work of the teachers and the progress of the adult students.

The inspectors will be given a lump sum as field allowance for their work. (RSS)

CSO: 4600/754

## TRADE GAP DISCUSSED

Kathmandu THE RISING NEPAL in English 23 Jun 83 p 2

[Text] Nepal is actively engaged in shaping the future of its economic policy through the Sixth Plan (1980-85) as well as pragmatic trade policy and industrial policy. The need for bolstering our exports of traditional as well as non traditional items, to the existing and new markets during the current decade in order to balance the trade cannot be overemphasized. In this context, a scrutiny of export figures indicates that the situation of exports in Nepal is in peril, says Shanker M. Singh.

### Trade Deficit

Nepal's attention is focussed currently on the ever increasing trade gap. The gap in the balance of trade in the financial year 1981/82 has been estimated at Rs. 3438 million. Our import bill has been placed at Rs 4930 million against the total export earnings of Rs 1491 million which is an unimpressive export figure to inadequate generation of surplus production. With imports estimated at Rs 4428 million and export earnings to the order of Rs 1608 million, the trade gap in year 1980/81 was Rs 2820 million. This indicates that the trade gap is increasing. The export/import ratio in the fiscal year 1974/75 was 0.49 whereas in the fiscal year 1981/82 it has shown a marked increase having 0.30.

A cursory look at the relevant data reveals that a number of important export items such as jute and jute goods, carpets, goat skins, pulses etc. have done well. During 1981-82, the growth of imports slowed down considerably. This was because of a low growth in private imports due to problems that arose in moving import shipments from third countries through the port of Calcutta and the imposition of quantitative restrictions on luxury and semiluxury imports.

Since Nepal has to import basic consumer goods including "food and live animals", the decline in agricultural productivity coupled with a high rate of population growth has resulted in continuous fall in exportable agricultural surplus. The current food situation in Nepal is indeed a sad reflection of Nepal's agricultural front. The topographical features of the country represent an important constraint on the development of the exchange of agricultural products between the areas of production and of consumption. The decline in agricultural productivity together with a high rate of population growth has resulted in the erosion of exportable agriculture surplus. Due to the ban on

major export items at the end of the year, including agricultural and allied products, viz,-rice and timber, Nepal's exports in this financial year have not been very impressive. The ban on rice has been imposed because of a fall in its production and timber exports were banned due to the ecological factors.

HMG's New Trade Policy 1982 aims to gradually improve the commercial sector as a whole in such a way that the benefits accruing from it could be used to push up the process of economic expansion of the country at a quicker pace to open up new avenues of income and employment to the people and to keep up the supply of essential goods on a sound footing.

The Trade Policy and Special Economic Programmes have been adopted with a view to promoting export trade, to remove distortions which have appeared in this sector, to encourage the private sector to invest in the industrial field. It can be hoped that the policy will discourage such trade that is detrimental to the national interest. With the implementation of this policy the trade sector is expected to make positive and important contribution to industrial development. The ever increasing level of the trade deficit has become a matter of concern to His Majesty's Government. In order to narrow this it is necessary to create exportable surplus and establish import substitution industries. Taking into consideration the natural endowment of the country, it is not possible to produce every item inside the country itself. But, for sometime to come, Nepal will have to depend on import for development goods. Therefore, it is necessary for us to give priority to export development. Based on these considerations a "National Export Trade Development Council" has been established.

#### Export Strategy

Growing recognition of export promotion in Nepal is reflected in the development plans of His Majesty's Government as a major element in national economic development and employment strategy. Though Nepal's first, second and third economic development plans tried to promote balanced and sustained economic development, very little results were achieved in the field of export promotion. It was only after the fourth Five Year Plan (1970-75) that His Majesty's Government laid down for the first time specific priorities for export promotion. This plan also aimed to develop trade diversification in terms of exportable products. As an area of development priority, the export sector in Nepal received attention only after the publication of the Sixth Plan (1980-85). The new policy regarding trade, gives priority to the development of export oriented cottage industries and import substitution industries through fiscal incentives, rationalization of the tariff structure, and the use of improved technology by attracting foreign investment.

The exports of pulses and lentils, medicinal herbs and also readymade garments are gaining ground in foreign countries. Nepal already possesses traditional expertise and fine craftsmanship in cottage industry products like wood carving, metal craft, carpets, woollen products and articles of tourist interest. Therefore, traditional handicrafts have been the leading sector in export promotion strategy. The country's climate and topography favour production of tea, medicinal herbs, jute, oil seeds, cardamom, ginger, fruits,

yak cheese, flower and vegetable seeds and archids. Exports of manufactured goods have been gaining momentum in the recent times. Nepal's strategy for export promotion have been focussed on these products as important items for the future.

CSO: 4600/754

NEPAL

BRIEFS

AMBASSADOR TO UNITED KINGDOM--His Majesty the King has appointed Ishwori Raj Pandey Royal Nepalese Ambassador to the United Kingdom. This is stated in a notice issued here Monday by the Principal Press Secretariat of His Majesty the King. Prior to this Mr Pandey was minister in the Royal Nepalese Embassy in New Delhi. [Text] [Kathmandu THE RISING NEPAL in English 28 Jun 83 p 1]

CSO: 4600/754

PAKISTAN

BRIEFS

GAS PRODUCTION--The production of gas from the Sui upper limestone reached a level of 52 million cubic feet per day last month. The gas is pipeline quality and needs no purification. [Excerpt] [BK180552 Karachi Domestic Service in English 1700 GMT 14 Jul 83]

CREDIT FOR COAL PROJECT--The International Development Association has given a credit of \$7 million for the survey and feasibility study of the coal engineering project in Loralai District of Baluchistan. The project is estimated to cost about \$9 million. [Summary] BK180553 Karachi Domestic Service in English 1700 GMT 14 Jul 83]

CSO: 4600/780

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